United States Court of Appeals

for the Second Circuit

APPENDIX

75-7678

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P/S

United States Court of Appeals

For the Second Circuit.

TEXACO INC.,

Plaintiff-Appellee,

v.

ALLIED CHEMICAL CORPORATION,

Defendant-Appellant.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK.

UNITED STATES COURT OF APPEALS
FILED
JAN 23 1976
A. DANIEL FUSARO, CLERK
SECOND CIRCUIT

APPENDIX.

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UNITED STATES COURT OF APPEALS,

FOR THE SECOND CIRCUIT.

- -X

TEXACO INC.,

Plaintiff-Appellee,

against

ALLIED CHEMICAL CORPORATION,

Defendant-Appellant.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK.

- -X

DOCKET ENTRIES.

DOCKET ENTRIES.

DATE	PROCEEDINGS
01-22-75	Filed Complaint and Issued Summons.
01-31-75	Filed summons & Marshal's return. Served: Allied Chemical Corp. By: B.D. Forrow 1-23-75
02-13-75	Filed pltffs notice to take depositions of def't. Subpoena issued.
02-13-75	Filed Stip & Order extending to 3-12-75 for deft to answer or move re complt.....MAC MAHON,J.
02-19-75	Filed noti of designation of William P. Walsh, as associate counsel of record for pltff.
03-10-75	Filed Stip & Order re scheduling of depositions.....MAC MAHON, J
03-10-75	Filed Stip & Order extending to 4-11-75 for deft to answer, move, or plead re complt.....MAC MAHON,J
03-12-75	Filed Stip & Order regarding scheduling of defts response to pltffs request for production of documents.....MAC MAHON,J
03-17-75	Mailed notice of reassignment.
04-02-75	Filed stip & order regarding scheduling of deft's response to pltff's request for production of documents.--Pierce, J.
04-14-75	Filed stip & order regarding scheduling of deft's response to pltff's request for production of documents--Pierce, J.
04-14-75	Filed stip & order extending deft's time to answer to 5-11-75--Pierce, J.
04-17-75	Filed stip & order regarding scheduling of deft's response to pltff's request for production of documents.--Pierce, J.
05-09-75	Filed stip & order extending deft's time to answer to 6-10-75--Pierce, J.
05-09-75	Filed stip & order regarding scheduling of deft's response to pltff's request for production of documents.--Pierce, J.
06-10-75	Filed deft's notice of motion to transferring and memorandum in support of motion. Ret. 6-20-75.
06-10-75	Filed deft's notice of motion to dismiss and memorandum in support of motion. Ret. 6-20-75.
06-10-75	Filed deft's notice of motion to strike and memorandum in support of motion.
06-10-75	Filed deft's notice of motion pursuant to Gen'l Rule 3 and affdvt in support of motion.
06-10-75	Filed affdvt of J.F.Lynch in support of motion to transfer.
06-10-75	Filed affdvt of H.O.Keir in support of motion to transfer.
06-10-75	Filed deft's response to request for production of documents.
07-03-75	Filed stip & order that the defts motions to transfer this action etc, is extended to 7-8-75. Pierce, J.
07-14-75	Filed Pltffs Affidavit in opposition to defts motion to transfer this action to the U. S. Distr ict Court For the Southern District of Texas.
07-14-75	Filed Pltffs memorandum in opposition to motion to dismiss for failure to join person needed for just adjudication.
07-14-75	Filed Pltffs memorandum in opposition to defts motion to strike.
07-14-75	Filed Pltf fs memorandum in opposition to defts motion to transfer this action.
07-18-75	File d Stip & order that defts motion to transfer the above act ion is extended to 7-16-75. Pie rce, J.
07-22-75	Filed Reply memorandum of deft Allied on motion for change of venue.
07-22-75	Filed supplemental Affid vit of Harry O. Keir in support of deft Allied's motion for a change of venue.

15 CONTINUED 3

DOCKET ENTRIES

v 327 TEXACO INC. VS ALLIED CHEMICAL CORPORATION PG 3 PIER

PG 3 JUDGE PIERCE

UNITED STATES COURT OF APPEALS
FILED
DEC 23 1975
A. DANIEL FUSARO, CLERK
SECOND CIRCUIT

110 Rev. Civil Docket Continuation

DATE	PROCEEDINGS	Date Order or Judgment Noted
1 23-75	Filed stip & order extending defts time to complete all productio etc, to 7-10-75.	
27-75	Filed Pltffs Affidavit in opposition to defts motion for a change of venue, etc, as indicated.	
28-75	Filed pltffs rebuttal memorandum in opposition to defts motion to transfer this action.	
-75	Filed deposition of E. C. Stout, date 3-12-75.	
3-75	Filed deposition of P. M. Cordell, Jr. dated 3-13-75.	
3-75	Filed deposition of J. W. Love dated 3-13-75.	
1-75	Filed Affidavit of John F. Lynch in connection with Allied's motion for a change of venue.	
1-75	Filed pltffs memorandum in opposition to defts motion for a directed verdict.	
11-75	Filed pltffs reply memorandum of law in support of its motion for a preliminary injunction.	
13-75	Filed memo endorsed on motion filed 6-10-75: Counsel is directed to furnish the Court with an affidavit of an attorney of this Court as required by Rule 3(c) of the General Rules of this Court. Pierce, J. M/N	
3-75	Filed Opinion # 43089: The motion of deft Allied Chemical to dismiss the complaint etc, is denied. 2. The motion of deft Allied Chemical for an order transferring this action is also denied. and the motion of deft Allied Chemical to strike the allegations, of fraud, etc, in parg. 23 of the complaint is denied. Pierce, J. M/N.	
23-75	Filed Order that the above action is referred to Mag. Jacobs. Pierce, J. M/N	
t 3-75	Filed ANSWER and Jury demand of deft. Allied Chemical Corporation.	
ct16-75	Filed Affidavit of Eric C. Woglom submitted in compliance with endorsement order etc, as indicated.	PE N.
ct31-75	Filed defts memorandum in opposiiton to pltffs motion for an injunction, etc, as indicated.	
Nov 3-75	Filed pltffs memorandum in support of its motion for injunction etc, as indicated.	
Nov 3-75	Filed Pltffs Affidavit & Order To Show Cause why an order should not be entered enjoining deft, its officers, agents, etc, and any and ll persons or entities in active concert with them, from prosecuting or taking any steps in furtherance of or proceeding in any way with an action for a declaratory judgment filed under docket E. 102534 etc, as indicated rtble before Pierce, J. on 10-31-75.	
ov5-75	Filed Affidavit of James V. Maher in opposition to pltffs motion for a preliminary injunction.	
ov6-75	Filed Pltffs memorandum in support if its motion, etc, as indicated.	
ov6-75	Filed Pltffs reply memorandum in support of motion for injunction.	
ov10-75	Filed Order: The motion of Pltff Texaco, Inc. for an injunction restraining deft Allied Chemical Corp., pending the trial of this action, from proceeding with the above said action in the State of Texas is granted. No security shall be required.. Submit Order. Pierce, J. M/N.	
ov11-75	Filed Order that deft Allied Chemical Corp. its agents, etc, are enjoined preliminarily during the pendency hereof from directly or indirectly prosecuting or taking any steps in furtherance of or proceeding in any way with an action for declaratory judgment filed under docket No. E-102534 in the District of Jefferson County, Texasby deft etc, as indicated and that no security shall be required of pltff in connection with the issuance hereof. Pierce, J. M/N	
-19-75	Filed defts motion for suspension or modification of injunction pending appeal rtble before Pierce, J on 11-28-75.	
19-75	Filed defts memorandum in support of motion, etc, as indicated.	
22-75	Filed Order that Wms, Collison & Ismer of 60 East 42nd St., N.Y., N.Y. 10017 be substituted as atty of record, etc, as indicated.	
21-75	Filed Notice that pltff will take deposition of Texas Corp. as a witness by its officers and managing agents as are identified, as indicated.	

DOCKET ENTRIES

DATE	PROCEEDINGS	Date Ord. Judgment
ov21-75	Filed Notice that pltff will take deposition of [illegible] Texas Service Stations, Inc. on 12-12-75.	
Nov 26-75	Filed Pltffs memorandum in opposition to motion for modification or suspension of injunction pending appeal.	
Nov 21-75	Filed Affidavit of deft Allied Chemical dated 11-14-75.	
Dec3-75	Filed memo endorsed on motion filed 11-19-75: The motion of deft Allied Chemical is in all respects denied. Pierce, J. M/N	
Dec 5-75	Filed defts first set of interrogatories to pltff.	
Dec5-75	Filed defts first request for production of documents under Rule 34 FRCP.	
Dec5-75	Filed Notice that Allied Chemical Corp. deft appeal to the U.S.C.A.F. from the order dated 11-6-75, and thr order for Preliminary Injunction purs to dated 11-12-75.	
Dec5-75	Mailed Notices to James V. Maher and Arnold White & Durkee.	
	Filed Undertaking for costs on appeal in the sum of $250.00, National Surety Corp.	

COMPLAINT.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

75 CIV. 327

TEXACO INC.,

Plaintiff,

- against -

ALLIED CHEMICAL CORPORATION,

Defendant.

74 Civ.

COMPLAINT

Plaintiff, TEXACO INC., for its complaint herein alleges as follows:

Jurisdiction

1. This is a civil action for infringement of federally registered trademarks, and for false designation of origin or false description in violation of federal law, and for related claims of unfair competition under state law, in which the amount in controversy, exclusive of interest and costs, exceeds the sum or value of $10,000. Jurisdiction of this Court arises under the Trademark Statutes of the United States, (Act of July 5, 1946, 15 U.S.C. §1051 et seq.), as amended, and specifically by virtue of 15 U.S.C. §§1121 and 1125(a) and 28 U.S.C. §§1331 and 1338.

COMPLAINT

Parties

2. Plaintiff, TEXACO INC., is a corporation duly organized and exisiting under the laws of the State of Delaware with an office at 135 East 42nd Street, New York, New York 10017.

3. Upon information and belief, defendant ALLIED CHEMICAL CORPORATION is a corporation duly organized and existing under the laws of the State of New York with an office at 1411 Broadway, New York, New York.

Development and Business of TEXACO INC.

4. Plaintiff, TEXACO INC., is one of the major integrated producers of petroleum and petroleum products in the United States and is the only marketer of gasoline and other petroleum products that has substantial and widespread retail distribution under a single trademark in all fifty states.

5. Plaintiff and its predecessors have been engaged in all phases of the petroleum industry -- including exploration, production, transportation, refining, and marketing -- continuously since 1902. Plaintiff's growth has kept pace with the growth of the oil industry itself

so that today the business of plaintiff and its wholly owned subsidiaries, many of which bear the TEXACO name, is conducted in many parts of the world.

6. One of plaintiff's predecessors was organized under the name "The Texas Company" in 1902 and was thereafter so known. Plaintiff as its successor bore that name from 1941 until a change of plaintiff's name to TEXACO INC. in 1959.

7. Since 1902, long prior to plaintiff's change of name from The Texas Company to TEXACO INC., plaintiff and its predecessors have been commonly referred to by the single word TEXACO. At least as early as 1902, the designation TEXACO was the cable address of plaintiff's predecessor's New York office, and shortly thereafter this coined word, derived from a natural and distinctive abbreviation of the corporate name, became the popular designation or trade name for the corporation.

8. On or about December 21, 1902, plaintiff's predecessor The Texas Company, adopted and began to use, and said predecessor and then plaintiff have ever since used, a trademark consisting of the single word TEXACO upon various petroleum products. Said trademark was duly registered in the United States Patent Office by plaintiff's predecessor with respect to crude petroleum and other petroleum products under No. 57,902 dated December 4, 1906.

This registration is now owned by plaintiff and is still valid and subsisting, unrevoked and uncancelled, and in full force and effect. Furthermore, plaintiff's right in the mark shown in said Registration No. 57,902 has become incontestable by virtue of the provisions of 15 U.S.C. §1065. A copy of this trademark registration is attached hereto and made a part hereof as Exhibit 1 to this complaint.

Since said original adoption of said word TEXACO as a trade name and trademark, use of said word as a trademark and service mark has been extended to a wide variety of oil, gasoline and other products derived from crude oil and natural gas and to other goods and to services, especially those connected with gasoline service stations. Plaintiff has also used, with respect to a variety of goods, many other marks containing the distinctive prefix TEX, all of which are associated with one another and with plaintiff's name and mark TEXACO in the mind of the public. Uses of said mark TEXACO and of marks containing said word TEXACO and of said other TEX marks, and of the goods and services with respect to which said marks are used, are shown by the many registrations of said marks in the United States Patent and Trademark Office as herein alleged and attached.

10. Plaintiff is the owner of United States service mark Registrations Nos. 794,974 of August 24, 1965; 794,948 of August 24, 1965; and 817,162 of October 18, 1966, relating

to use of its TEXACO mark in connection with gas station services, and is the owner of the following United States registrations of trademarks which consist of or incorporate the word TEXACO or the distinctive prefix TEX:

MARK	REG. NO.	REG. DATE	GOODS
TEXACO	193,474	12/30/24	Insecticides
"	669,519	11/11/58	Gasoline, etc.
"	742,887	1/01/62	Water proof, etc.
TEXACO	780,806	12/01/64	Automobile polishes, etc.
"	812,793	08/16/66	Heat transfer fluid
TEXACO & Hexagonal design	775,231	08/18/64	Gasoline, etc.
TEXACO & Hexagonal design	814,388	09/06/66	Golf balls
TEXAYCE	321,874	02/19/35	Car oils
TEXCLAD	792,826	07/20/65	Lubricants, etc.
TEXGOLD	933,473	05/09/72	Soluble oil
TEXLITE	129,404	02/17/20	Kerosene oil
TEXLUBE	128,185	12/23/19	Lubricating oils
TEXMILL	312,800	05/08/34	Lubricating grease
TEXNAP	926,388	01/04/72	Processing oils
TEXOL	128,186	12/23/19	Lubricating oils

TEXPAR	939,485	08/01/72	Rubber processing oils
TEXPROOF	988,194	07/16/74	Rust inhibitors
TEXSPRAY	299,210	11/22/32	Compounded mineral oil
TEXTRACT	690,784	01/05/60	Rubber extender
TEXACO & Hexagonal design	926,389	01/04/72	Vinyl hard top dressing
TEXACO & Hexagonal design	926,628	01/11/72	Car wax, etc.
TEXACO & Hexagonal design	946,583	11/07/72	Lighter fluid, etc.
TEXACO & Hexagonal design with delta wing	961,883	06/26/73	Aircraft engine oil
TEXACO SPINTEX	648,086	07/09/57	Lubricating oil
TEXACO TOPICS	277,893	12/02/30	Monthly publications
TEXACOAT	119,586	11/27/17	Waterproof paint
TEXAD	912,340	06/08/71	Additive, etc.
TEXAFORGE	937,410	07/11/72	Lubricants
TEXAMATIC	438,623	05/04/48	Lubricating and hydraulic oils
TEXAMIST	962,457	07/03/73	Lubricating oils
TEXATHERM	780,824	12/01/64	Heat transfer fluid
TEXACO & Hexagonal design	835,841	09/26/67	Batteries

COMPLAINT

TEXACO & Hexagonal Border design	846,249	03/19/68	Automobile filters
TEXACO & Hexagonal design	867,112	03/25/69	Automobile lamps
"	883,163	12/30/69	Automotive hose clamps, etc.
"	921,776	10/12/71	Charcoal lighter fluid
"	922,392	10/19/71	Fan belts, etc.
"	922,526	10/19/71	Car wash concentrate, etc.
"	923,115	11/02/71	Shock absorbers
TEXACO & Hexagonal design	926,387	01/04/72	Transmission stop leak, etc.
RED STAR GREEN T (design)	124,602	02/25/19	Petroleum, etc.
" (TEXACO)	140,227	03/08/21	Asphalt products
"	150,620	01/03/22	Petroleum, asphalt oils, etc.
"	660,721	04/22/58	Coal spray oil, etc.
RED STAR GREEN T (design)	794,284	08/17/65	Liquid anti-freeze solutions
"	799,517	11/30/65	Oil heating equipment

RED STAR GREEN TEXACO	810,3[illegible]	06/28/66	Rustproof asphalt and petroleum base metal protective coatings
RED STAR GREEN T LP GAS & design	694,412	03/15/60	Liquefied petroleum gas
RED STAR GREEN T TEXACO	165,370	03/06/23	Solid, semisolid and liquid asphalt, etc.
"	678,315	05/12/59	Road surfacing materials, etc.
TEXWAX	320,810	01/08/35	Paraffine wax

All said registrations are valid and subsisting, unrevoked and uncancelled, and in full force and effect, and copies thereof are attached hereto and made a part hereof as Exhibits 2 - 55 to this complaint.

11. Continuously during the past 70 years petroleum products bearing or sold under the TEXACO mark have been extensively marketed and advertised in interstate commerce throughout the United States and in many foreign countries. Since long prior to defendant's acts herein complained of, the name and trademark TEXACO and the other aforesaid trademarks of plaintiff have become indelibly associated with plaintiff in the mind of the purchasing public when used in connection with the advertising and sale of gasoline, motor oil, and other products.

12. The total dollar amount of sales in the United States by plaintiff under plaintiff's aforesaid trade name, trademark and service mark TEXACO and under its other TEX trademarks during the ten year period preceding the filing of this complaint has amounted to many billions of dollars. During the same period, more gasoline has been sold in the United States under the TEXACO mark than under any other brand name.

13. During the same ten year period plaintiff has spent in the United States many millions of dollars in advertising the aforesaid TEXACO trademark and service mark and the related TEX marks referred to above.

14. Since long prior to the acts of defendant herein complained of, said name and mark TEXACO and said other TEX marks have come to be and are now recognized and relied upon by the public as identifying plaintiff's goods exclusively and as distinguishing plaintiff's goods from those of others, and have come to represent and symbolize and do now represent and symbolize a vast and valuable goodwill belonging to plaintiff.

Violations and Injury to Plaintiff

15. Defendant is a large, publicly held corporation which is engaged in, among other things, the operation of gasoline service stations and the distribution and

marketing of gasoline, motor oil, and other petroleum and related products, both through its own outlets and through others.

16. Defendant has used and is using the designation TEXGAS in connection with the advertisement and sale of gasoline, motor oil, and other products derived from crude oil and natural gas and to identify gas service stations owned, sponsored, or franchised by defendant, with full knowledge of the prior, long, and extensive use by plaintiff of the corporate and trade name TEXACO the service mark and trademark TEXACO, and the widespread use by plaintiff of other trademarks all containing the distinctive prefix TEX and the goodwill represented by said name and marks. The designation TEXGAS is a likely and apt contraction of the term "TEXACO Gasoline", and its use by defendant has been in violation and derogation of plaintiff's prior and superior rights in its said name and marks.

17. In or about August 1971, defendant began to advertise its service stations and its gasoline, motor oil, and other petroleum and related products bearing or sold under the designation TEXGAS by taking a full page advertisement in Life magazine which was widely distributed in the United States. A photocopy of said advertisement is attached hereto and made a part hereof as Exhibit No. 56 to this complaint. Said advertisement depicts a montage of petroleum products,

including gasoline, motor oil, and similar products, all of which bear or are shown as being sold under the designation TEXGAS.

18. The designation TEXGAS is a simulation and colorable imitation of plaintiff's aforesaid name and marks and so resembles them that when applied to defendant's goods it is likely to cause and has caused confusion and mistake and deception, so that some purchasers will mistake defendant's designation for plaintiff's said name and marks and that other purchasers will be led and have been led to believe that defendant's designation constitutes a variant brand of plaintiff's goods or that defendant's goods originate with, are sponsored by or have some other connection with plaintiff.

19. Defendant, in so using the designation TEXGAS, has appropriated and is appropriating to itself the valuable goodwill attaching to and symbolized by plaintiff's aforesaid TEXACO name, trademark and service mark and the related TEX trademarks.

20. Defendant's aforesaid acts have caused and are causing great and irreparable injury and damage to plaintiff's name and marks and to the business and goodwill represented thereby.

21. Plaintiff has demanded of defendant that it discontinue the use of the notation TEXGAS but defendant has failed and refused to do so.

22. Unless defendant's aforesaid acts are enjoined and restrained by this Court, said acts will be continued and will continue to cause irreparable injury to plaintiff.

23. Defendant is the owner of the following three invalid registrations of the purported mark TEXGAS in the United States Patent and Trademark Office: the registration of the words TEX-GAS displayed in an arch which issued on February 5, 1957 under No. 640,852 with respect to "liquified petroleum gases and more particularly to liquified petroleum gases in sealed containers"; the registration of the word TEXGAS displayed in a script on an angle which issued on October 24, 1961 under No. 722,939 with respect to "liquified petroleum gases -- namely, butane, propane"; and the registration of the word TEXGAS in non-distinctive type which issued on July 10, 1973 under No. 963,835 with respect to "distributorship services in the field of equipment using liquified petroleum gases." Each of said registrations is invalid and this Court should rectify the register of the United States Patent and Trademark Office by directing that each of said registrations be cancelled because use of each registered mark infringes valid rights of plaintiff acquired by it under the laws of all the states and territories of the United States by virtue of use of its mark and name as aforesaid continuing

from a date prior to the date of publication under the Trademark Act of such registered mark and because each said registration was obtained fraudulently in that, contrary to the statement of the applicant for such registration, the applicant was then well aware of plaintiff's trademark TEXACO, of plaintiff's rights thereto and of the likelihood of confusion, mistake and deception arising from the resemblance of the purported mark TEXGAS to plaintiff's said mark TEXACO and because all proceedings conducted by and papers filed by the applicant and subsequent owners of such registration were conducted and filed with full knowledge of plaintiff's mark TEXACO and of plaintiff's rights with respect thereto and registrations thereof.

24. Plaintiff has no adequate remedy at law.

COUNT I

Trademark Infringement

25. Paragraphs 1 through 24 are incorporated herein by reference.

26. Defendant's aforesaid acts constitute trademark infringement in violation of 15 U.S.C. §1501 et seq. and of plaintiff's trademark rights at common law.

COMPLAINT

COUNT II

Unfair Competition

27. Paragraphs 1 through 24 are incorporated herein by reference.

28. Defendant's aforesaid acts constitute unfair competition with plaintiff in violation of plaintiff's rights at common law.

COUNT III

Violation of 15 U.S.C. §1125(a)

29. Paragraphs 1 through 24 are incorporated herein by reference.

30. Defendant's aforesaid acts constitute a false designation of origin and false description of goods introduced into interstate commerce in violation of Section 43(a) of the United States Trademark Act of 1946, 15 U.S.C. §1125(a).

COUNT IV

Dilution

31. Paragraphs 1 through 24 are incorporated herein by reference.

32. Defendant's aforesaid acts are likely to cause injury to plaintiff's business reputation and confusion as

to the source and sponsorship of defendant's goods and business and thus to dilute and diminish the distinctive quality of plaintiff's corporate and trade name and its trademark TEXACO and its other distinctive TEX marks, all in violation of Section 368-d of the General Business Law of New York and of plaintiff's rights at common law.

WHEREFORE, plaintiff respectfully prays:

1. That defendant, its officers, agents, servants, employees, attorneys, related companies, and those in active concert or participation with them or any of them, be permanently enjoined and restrained:

a. From using the notation TEXGAS upon or in connection with the sale of gasoline, motor oil, or any other product derived from crude oil or natural gas, or any product related thereto or to the sale or distribution thereof, and from using any other notation so similar to plaintiff's corporate name and trademark and service mark TEXACO or plaintiff's other distinctive TEX marks, as to be likely to cause confusion or mistake or to deceive or to cause dilution of the distinctive quality of the plaintiff's said name and trademarks or injury to plaintiff's reputation.

b. From doing any other acts or thing calculated or likely to cause confusion or mistake in the mind of the public or to lead purchasers into the belief that defendant's products come from or are the products of plaintiff or are somehow sponsored by or connected with plaintiff, or that there is some connection between plaintiff and defendant, and from otherwise unfairly competing with plaintiff.

2. That defendant and those controlled by defendant be required to deliver up to the Court for destruction all merchandise and all signs, labels, prints, packages, wrappers, receptables, advertisements, and other matter in their possession bearing the notation TEXGAS or any other colorable imitation of plaintiff's corporate name and service mark, and trademark, TEXACO or plaintiff's other distinctive TEX marks, and all plates, molds, matrices, and other means of making the same.

3. That defendant be required to account to plaintiff for profits and damages arising out of the foregoing acts of trademark infringement, unfair competition, dilution, and violation of 15 U.S.C. §1125(a), including treble damages for said trademark infringement.

COMPLAINT

4. That the Court order that the Register of the United States Patent and Trademark Office be rectified by cancellation of the defendant's aforesaid registrations of the purported trademark TEXGAS pursuant to Section 37 of the United States Trademark Act of 1946, 15 U.S.C. §1119.

5. That plaintiff have and recover its costs and disbursements.

6. That plaintiff have such other and further relief as the Court may deem just and appropriate.

ROGERS HOGE & HILLS
Attorneys for Plaintiff

By _____

Office and P. O. Address
90 Park Avenue
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EXHIBIT 56, ANNEXED TO COMPLAINT.

exhibit "56"

8/71

Our brand of top quality petroleum products



MOTION FOR CHANGE OF VENUE UNDER 28 USC §1404(a).

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- X

TEXACO INC., :

Plaintiff, : 75 Civ. 327 (LWP)

v. :

ALLIED CHEMICAL CORPORATION, :

Defendant. :

- X

MOTION FOR CHANGE OF VENUE
UNDER 28 USC § 1404(a)

Comes now Defendant, Allied Chemical Corporation, pursuant to Rule 7(b) of the Federal Rules of Civil Procedure and 28 USC § 1404(a), and moves this Court for an order transferring this action to the United States District Court for the Southern District of Texas, Houston Division, for the convenience of parties and witnesses, in the interest of justice, in that, as explained in the accompanying Memorandum and Affidavits of John F. Lynch and Harry O. Keir:

1. This action might have been and should have been brought in the Southern District of Texas.

2. The convenience of the parties would be served by a transfer to Houston since Allied sells TEXGAS products through its Union Texas Petroleum Division principally in Texas and the Southeast.

MOTION FOR CHANGE OF VENUE UNDER 28 USC §1404(a)

3. Texaco has a significant corporate presence in Houston.

4. Transfer will permit the proper joinder of other corporate parties whose presence is necessary.

5. The potential witnesses in this action are located predominantly in areas remote from New York and a significant number of potential witnesses who will establish the long history of use of the TEXGAS mark are located in or more conveniently to Houston.

6. Evidence as to the strength of the family marks identified by the alleged distinctive prefix "TEX" is uniquely available in Texas and the Houston area.

This Motion is based upon these reasons, the accompanying Affidavits and the Memorandum of Law in Support of this Motion wherefore Defendant prays that this action be transferred to the United States District Court for the Southern District of Texas, Houston Division.

Respectfully,

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MOTION FOR CHANGE OF VENUE UNDER 28 USC §1404(a)

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DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO, INC., Plaintiff,	
vs.	75 Civ. 327 (LWP)
ALLIED CHEMICAL CORPORATION, Defendant.	

DEFENDANT ALLIED'S

MEMORANDUM IN SUPPORT OF

MOTION FOR CHANGE

OF VENUE

UNDER 28 USC § 1404(a)

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DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

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DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

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DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

I. Introduction

This is an action for trademark infringement and unfair competition. The gravamen of the action is the allegation by plaintiff Texaco, Inc. ("Texaco") that defendant Allied Chemical Corporation ("Allied") is infringing trademark rights of Texaco and is unfairly competing with Texaco by Allied's sale of petroleum products under the trademark "TEXGAS".

Pursuant to 28 U.S.C. 1404(a), Allied moves to transfer this action for convenience of the parties and witnesses and in the interests of justice to the United States District Court for the Southern District of Texas (Houston Division) where this action "might have been brought."

The facts discussed below clearly establish that such a transfer represents a convenience to parties and expected witnesses and is in the interests of justice as required by the transfer statute. In addition, the transfer of this action to Houston obviates Allied's concurrently filed motion to dismiss this action for failure to join an indispensable party. Texgas Service Stations, Inc. is a separate corporation through which Allied accomplishes retail marketing of gasoline, motor oil, and related automotive products, under the TEXGAS mark. This corporation is an indispensable party to this action, but is not joinable in this action so long as it is maintained in New York. However, Texgas Service Stations, Inc. has its principal place of business in Houston, Texas, and may be joined in accordance with the provisions of Fed.R.Civ.Pro. 19 should this action be transferred to Houston.

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

II. Background of the Action

This action by Texaco complains generally of trademark infringement and unfair competition by Allied. The accused activities of Allied involve basically the activities of the Union Texas Petroleum Division of Allied ("Union Texas") and two corporate subsidiaries of Allied, Texgas Corporation and Texgas Service Stations, Inc., which promote and market certain petroleum products under the trademark TEXGAS.[1] No other divisions or subsidiaries of Allied are involved in the sale of TEXGAS products. The products marketed by the Union Texas division and the Texgas subsidiaries under the trademark TEXGAS basically exist in two product areas:

(1) Texgas Corporation, a separate corporate subsidiary under the Union Texas division makes retail sales under the trademark TEXGAS of liquefied petroleum gas ("LP-gas") which is used generally as a household and light industrial fuel. Union Texas also distributes LP-gas to independent dealers, some of whom sell under the TEXGAS brand pursuant to branding agreements.

(2) Texgas Service Stations, Inc., a separate corporate subsidiary under the Union Texas division, owns and operates TEXGAS service stations at which TEXGAS gasoline, motor oil, and related products are sold to the public. Texgas Corporation also operates nine retail gasoline stations in the southeastern United States. In addition, Union Texas sells TEXGAS motor gasoline on a wholesale basis to independent retailers who in turn may sell the gasoline to the public through service station outlets using the TEXGAS brand under branding agreements.

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[1] The facts set forth herein are supported by the affidavits of John F. Lynch and Harry O. Kier, submitted in support of this motion.

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

III. General Factors Considered in Determining Transfer of Cases

The transfer statute, 28 U.S.C. §1404(a), provides that for convenience of parties and witnesses, and in the interest of justice, an action may be transferred to any other district where the action originally might have been brought.

This statute is designed to enable parties to conduct litigation in a convenient forum preventing waste of time, energy and money, and to permit the court which will ultimately try the issues to be presented with live witnesses and nearby sources of proof. Van Dusen v. Barrack, 376 U.S. 612 (1964); Gulf Oil Corp. v. Gilbert, 330 U.S. 501 (1947).

Criteria applicable to assessment of the balance of convenience include (1) the convenience of the parties, (2) the convenience of witnesses, (3) the relative ease of access to sources of proof, (4) the availability of process to compel attendance of unwilling witnesses, (5) the cost of obtaining willing witnesses, (6) the practical problems indicating where the case can be tried more expeditiously and unexpensively, and (7) the general interests of justice. Goldstein v. Rusco Industries, Inc., 351 F.Supp. 1314, 1317 (S.D.N.Y. 1972).

These criteria should be applied with a view to the issues to be tried in the litigation. Some major and preliminarily discernible factual issues in this case are

whether there has been confusion and there is a likelihood of confusion between TEXACO and TEXGAS,

whether indeed the prefix "TEX" is distinctive of TEXACO products, the cornerstone on which TEXACO appears to base its assertion of likelihood of confusion, and

whether Texaco knew or should have known of the long, open and prominent use of TEXGAS by Allied and predecessors for over twenty years, and has acquiesced in the conclusion of non-confusion.

The probative evidence on all these issues will be found to a large extent in Houston, not New York City where TEXGAS products are not even on the market. Evidence of confusion and likelihood of confusion will exist in the market areas where the marks are used simultaneously. Market evidence will also determine whether the "TEX" prefix as applied to TEXACO products is distinctive. The origin of Texaco as The Texas Company in the oil producing state of Texas certainly indicates that this assertion of distinctiveness should stand scrutiny of the Texas market where "TEX" companies are found in some significant number in the oil and petroleum business. Lastly, Texaco's knowledge of Allied's use of TEXGAS should be determined where the parties have coexisted, where the contacts between Texaco and TEXGAS brands occurred for years to an extent that knowledge of the long and open use of TEXGAS must be attributed to Texaco.

In this case, both convenience and the interests of justice favor a Houston forum. Defendant's petroleum operations are based in Houston as are its subsidiaries Texgas Corporation and Texgas Service Stations, Inc. The areas of the country where the alleged infringement and confusion have occurred is in the southwest, south, and midwest states, around Houston. Important witnesses are located in Houston. Plaintiff Texaco has a significant, if not major, presence in Houston. Contacts between Texaco and the TEXGAS brand sufficient to clearly establish long knowledge by Texaco of Allied's TEXGAS brand name occurred in Houston.

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

The factors dictating transfer outlined herein are factors that go to what this litigation is all about, and they clearly point to a Houston forum.

A. This Action Might Have Been Brought in the Southern District of Texas

Fundamental to any request for transfer pursuant to 28 U.S.C. §1404(a) is the question of whether the action originally might have been brought in the proposed transferee district. Hoffman v. Blaski, 363 U.S. 335 (1960); Van Dusen v. Barrack, 376 U.S. 612 (1964). In this case Texaco clearly could have properly initiated this action in the Southern District of Texas, Houston Division.

Texaco's complaint alleges trademark infringement and unfair competition. Jurisdiction is predicated upon the trademark laws of the United States (15 U.S.C. §1051, specifically 15 U S.C. §§1121 and 1125(a)), and upon diversity (28 U.S.C. §1331). Pendent jurisdiction for the alleged unfair competition claim is predicated upon 28 U.S.C. §1338(b). (Complaint, para. 1). Venue for such an action is therefore determined by the general venue provisions of 28 U.S.C. §1391(c) which provides:

> "A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes."

Defendant Allied is licensed to do business in the state of Texas and maintains the headquarters of its Union Texas Petroleum Division at Houston. The division officers and the management staff of the Union Texas Division reside and office in Houston. Hence, had this action been originally brought in the Southern District of Texas, venue would have been proper.

IV. The Southwest United States Is Where the Acts Complained of by Texaco Are Centered

Before detailing the location of the witnesses and proofs relevant to this action, it is important to recognize how the mark TEXGAS grew up and how and where it is currently used.

A. The TEXGAS mark has a History Beginning in the Texas Area

In 1954, a corporation named Texas Natural Gasoline Corporation, ("Texas Natural"), based in Tulsa, Oklahoma, began marketing liquefied petroleum gas (LP-gas) under the TEXGAS brand. In 1955 a sales office was opened by Texas Natural in Houston, and tank trucks marked with the TEXGAS brand delivered products over a wide area of Texas. By 1958, sales offices were established in Texas, Missouri, Iowa, Kentucky, Pennsylvania, Florida, Wisconsin, Mississippi, and South Dakota. By 1959, Texas Natural was producing LP-gas at 11 plants (owned or partially owned), nine of which were in Texas, the remaining two being in Louisiana and Montana. Storage facilities for LP-gas were maintained near Houston, Texas, as well as other locations in Texas, Louisiana, and Montana. And further, by 1959, Texas Natural maintained a fleet of over one thousand partly owned and partly leased railroad tank cars, many of which were marked with the TEXGAS brand.

On March 3, 1960, Texas Natural Gasoline Corporation was merged into Union Oil and Gas Corporation to form Union Texas Natural Gas Corporation based in Houston, Texas, which continued to market TEXGAS brand LP-gas. In 1962, Union Texas Natural Gas Corporation was acquired by Allied, and the marketing of LP-gas under the TEXGAS mark continued. Then in 1962, Allied also acquired a gasoline refinery located at Winnie, Texas, from a different corporation,

Texas Gas Corporation. Prior to 1962, in the late 1950's, Texas Gas Corporation had marketed motor gasoline in Texas under a name featuring "Texas Gas Corporation." When Allied acquired this gasoline producing facility, it continued the sale of gasoline through many of the "Texas Gas Corporation" branded outlets in Texas, changing the brand to TEXGAS which had been used for LP-gas since 1954.

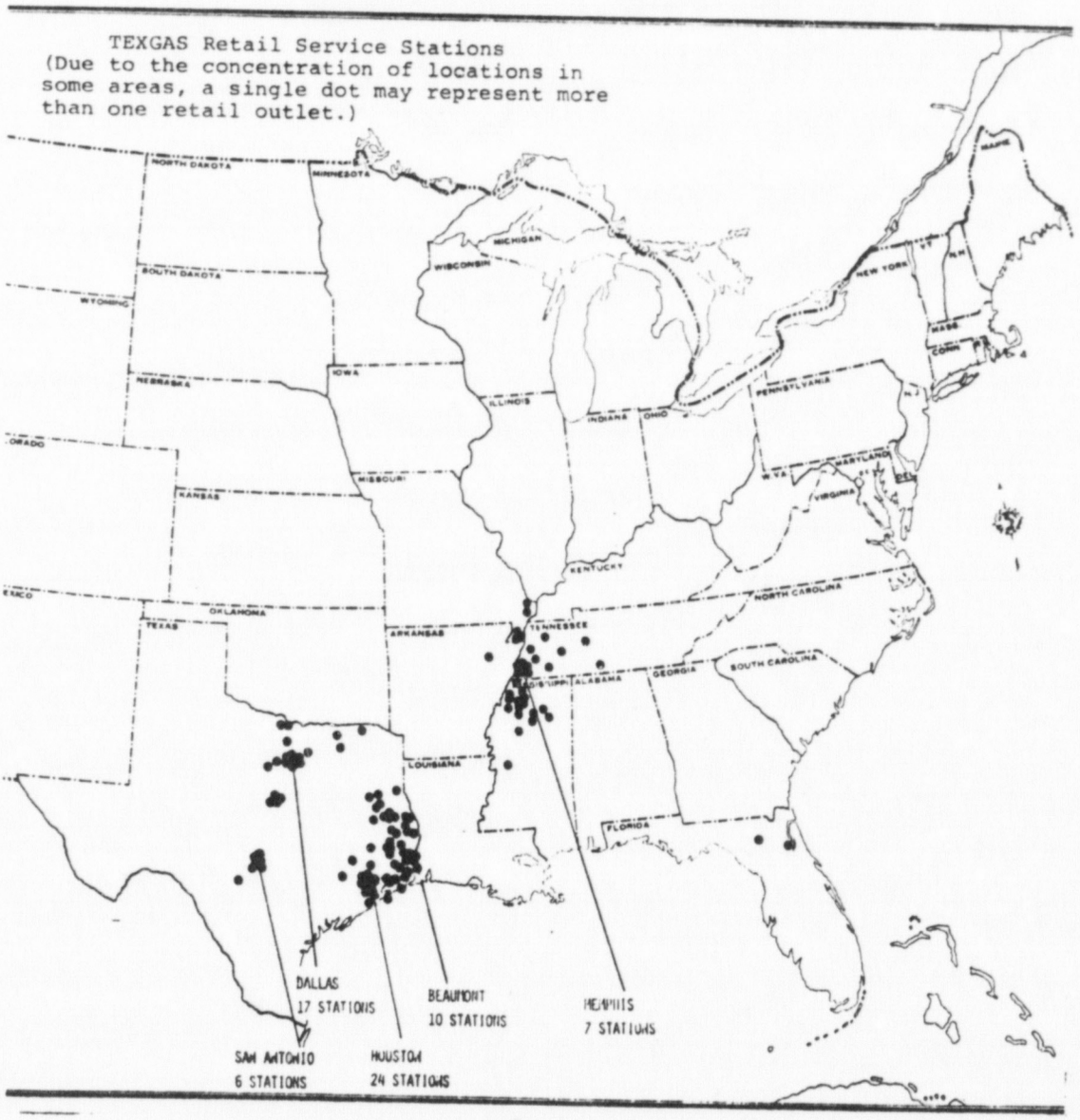
The origin and initial development of the TEXGAS mark took place in and around Texas. It therefore is to be expected, as will be developed below, that the evidence and the witnesses to establish this early use are located in Texas and areas of the southwest United States, and are much more convenient to a Texas forum.

B. The Areas Where TEXGAS and TEXACO Marks Are Used Center Around Texas

Texaco is alleging trademark infringement by Allied by virtue of Union Texas' activity which "is likely to cause and has caused confusion." (Complaint, para. 18.) Hence extremely relevant evidence of the actual alleged confusion in this case will be forthcoming from persons who perforce must reside in the marketing regions of this country where Texgas Corporation, Texgas Service Stations, Inc., Union Texas division and Texaco are and have been concurrently selling products. Such evidence will be extremely important in this case. While Texaco has a Federal registration of its trademark, Allied likewise has Federal trademark registrations of TEXGAS, which have been issued for many years (Complaint, para. 23), and one of which has become uncontestable under 15 U.S.C. §1065.

Texaco has alleged that it markets gasoline and other petroleum products in all fifty states of the United States under the TEXACO trademark. (Complaint, para. 4.) On the

other hand, Union Texas, Texgas Corporation, and Texgas Service Stations, Inc. market gasoline, motor oil, and related automotive products in a six-state area in the southern and southwestern states including Texas, Arkansas, Missouri, Tennessee, Mississippi, and Florida. The map below shows the location of 91 TEXGAS gasoline stations operated by Texgas Corporation and Texgas Service Stations, Inc., as well as 126 branded independent dealers which sell gasoline and automotive products under the TEXGAS mark:

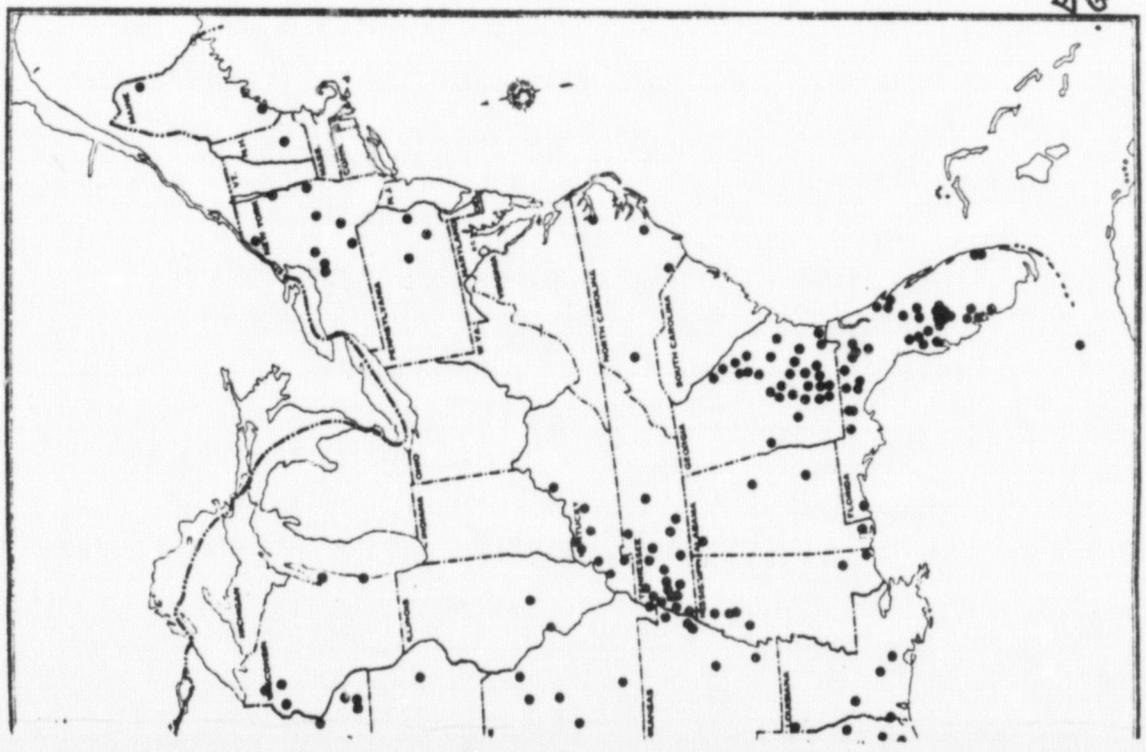


As can be seen from the above map, more than one-half of the service stations which sell gasoline, motor oil, and related automotive products under the TEXGAS mark are located in eastern and central Texas covering a region which has Houston as its geographic center.

The fact that Texaco has an adequate market presence in Texas is reflected by the fact that there are over one hundred fifty Texaco automotive service stations marketing gasoline under the Texaco brand in Houston (as indicated by the local Houston "Yellow Pages" telephone directory).

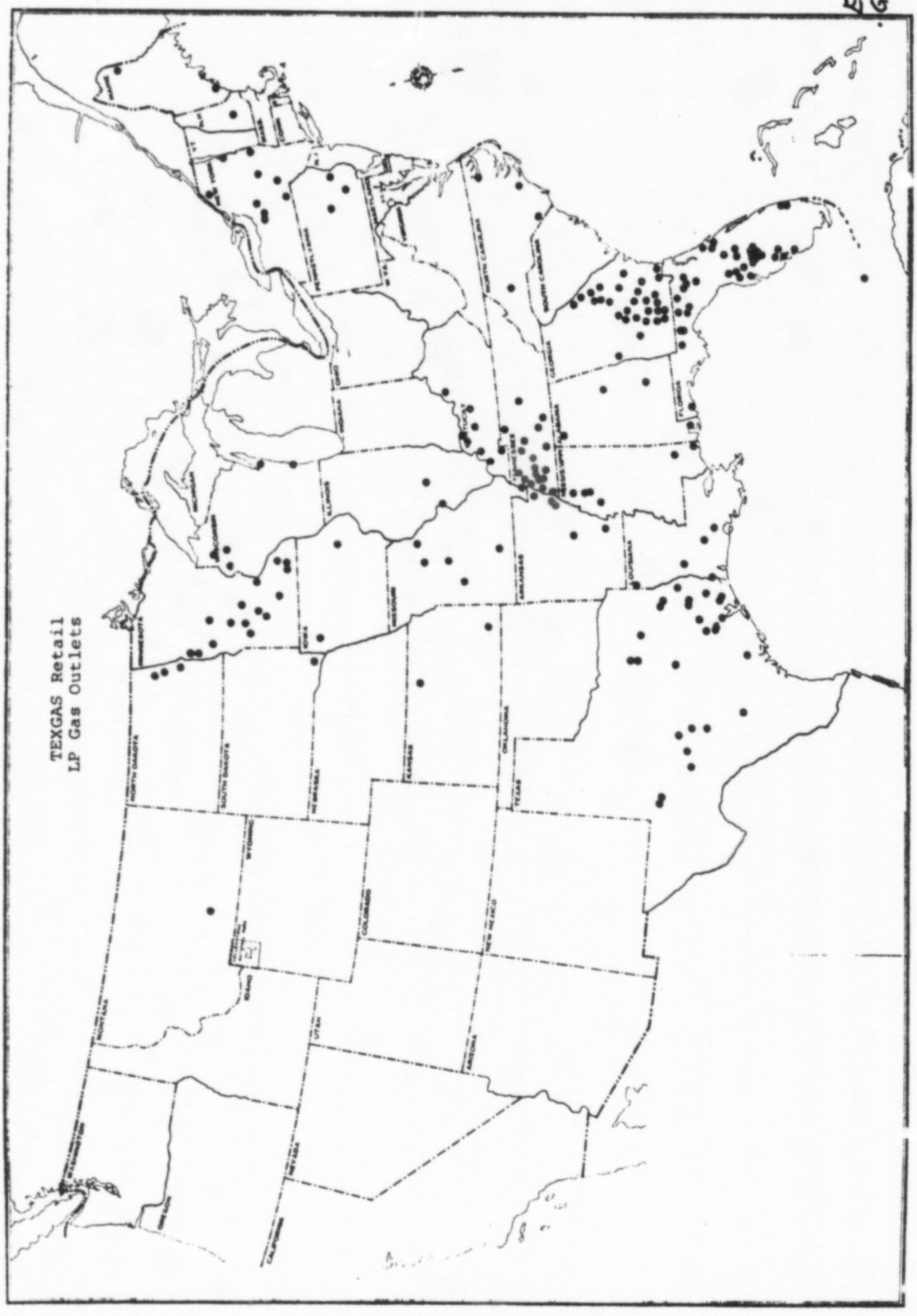
With respect to liquefied petroleum gas, Texgas Corporation markets LP-gas generally in the states east of the Rocky Mountains and maintains retail outlets primarily in the midwest, southeast and northeast with several retail LP-gas locations in upper New York state. Again the activity is more naturally centered around Houston. The map below shows Texgas Corporation retail LP-gas outlets as well as branded independent LP-gas dealers of Union Texas selling products and using the TEXGAS brand on signs or on trucks or the like:

Ex. G-2



DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

Ex G-2



The Complaint does not allege where Texaco markets LP-gas in the United States. Hence, the market areas where Texaco alleges that confusion and unfair competition exist could not include the Southern District of New York to more than a trivial extent.[2]

V. The Convenience of the Parties is Served by a Transfer to Houston

A. Allied Sells TEXGAS Products Through Its Union Texas Petroleum Division in Houston

Union Texas Petroleum Division of Allied handles all of Allied's sales, marketing and promotion of TEXGAS products. The division has facilities for producing petroleum products, including crude oil and natural gas, and for refining, transporting and selling these products. Allied's use of the mark TEXGAS is through its Union Texas division and the subsidiaries, Texgas Corporation and Texgas Service Stations, Inc.

The division officers and primary management staff of Union Texas reside and maintain offices at Houston, Texas. Marketing, promotion and sales of TEXGAS products are directed by sales and marketing personnel located in Houston for Union Texas, Texgas Corporation, and Texgas Service Stations, Inc. Central records with respect to sales and promotion of TEXGAS products are maintained at Houston. Thus, although the corporate headquarters of Allied Chemical Corporation are located in Morristown, New Jersey, the personnel responsible for the planning and conduct of the operations related to TEXGAS product sales are located in Houston and records of these activities are maintained at offices in Houston.

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[2]There is one Texgas Corporation retail outlet which sells LP-gas, not gasoline, under the TEXGAS mark in the Southern District of New York. That retail outlet is in New Lebanon, New York, in Columbia County, about 120 miles from this court.

Marketing and promotion of gasoline and LP-gas under the TEXGAS mark is directed from Houston, all credit card files for TEXGAS product sales are in Houston. Finally, the refinery where Union Texas produces its gasoline is located at Winnie, Texas, approximately 50 miles from Houston.

In all these areas there exists relevant evidence respecting the use of the TEXGAS mark by defendant. Indeed, the retail planning is undertaken in Houston. Transport of refined product is carried out by trucks and tank cars bearing the TEXGAS mark predominantly from refinery and storage facilities around Houston. Ultimately, the marketing of TEXGAS gasoline and motor oil is accomplished through over one hundred outlets which are located in Texas. About half of these Texas locations are in Houston or within the subpoena range of the Houston Federal District Court.

B. Texaco Also Has a Significant Corporate Presence in Houston

On information and belief, Texaco has about 3,000 employees in the Houston area. In addition, there are over 150 Texaco service stations listed in the Houston phone directory. Texaco maintains a principal regional sales office at Bellaire, Texas, a community entirely surrounded by the city of Houston; that sales office is believed to oversee sales in Texas and surrounding states, including areas where the TEXGAS products are primarily sold. (On the other hand, there appears to be no regional sales office in New York City or New York State.) Texaco also maintains a credit card center in Houston believed to encompass credit card sales in Texas and surrounding states. Of Texaco's 12 refineries in the United States, four are located in Texas, and the one in Port Arthur, Texas, (approximately 80 miles from Houston) is believed to be Texaco's largest and has

had dealings with Allied's Union Texas Division and its predecessors which used the TEXGAS brand for many years in connection with purchase and transfer of products. The Texas Pipe Line Company, a wholly owned Texaco subsidiary based in Houston, has had a history of dealing with Allied's Union Texas Division, and has in fact transported TEXGAS products via the Texaco pipeline.

Finally, Mr. R. Earle Wright, a corporate vice president of Texaco, believed to be in charge of the gas department of Texaco, from the aspect of production, resides in Houston. In addition, regional sales managers, E. W. Gunnels believed to have responsibility for gasoline sales, and J. A. Thelen, Texaco's regional manager of LP-gas sales, both believed to cover the region of Texas and surrounding states, maintain offices in Houston. Thus, the records relating to sales in the area where both TEXGAS and TEXACO products are sold are likely to be located primarily in Houston. Although Texaco's principal offices are in New York City, according to the most recent 1974 Texaco Annual Report:

> "The organization of Texaco, Inc. is highly centralized with respect to the formation of policy and budget, but is decentralized in the implementation of established policies and budgeted programs."

The relevant issues in this litigation do not involve policy and budget matters, but rather involve whether the public has been or is likely to be confused by the sale of LP-gas, gasoline and related petroleum and automotive products under the two marks. These issues can best be determined by the Court's having access to the operational personnel of Texaco in the region where TEXGAS and TEXACO products are sold to the public, i.e., in Texas.

C. Contacts Between Texaco and Union Texas in the Houston Area Are Relevant in Establishing Laches and Acquiescence by Texaco in the Use of the TEXGAS mark by Defendant

Aside from the allegation of confusion between the

TEXGAS and TEXACO marks, Allied's Union Texas division and its predecessors have been using the mark TEXGAS openly in dealings with Texaco for many years. There have been numerous contacts between personnel of Texaco and personnel of the Union Texas Petroleum Division of Allied as well as its predecessors who have marketed TEXGAS products. These contacts have taken place predominantly between personnel located in Houston, Texas. For example, since 1954 and 1955, Texas Natural Gasoline Corporation, a predecessor of the Union Texas Petroleum Division of Allied, has marketed LP-gas under the TEXGAS mark. Since this period and into the 1970's, Texas Natural Gasoline Corporation had direct dealings with Texaco, Inc. (then The Texas Company) in purchasing liquefied petroleum gases for resale. These purchases were made as a result of orders on purchase orders bearing the TEXGAS mark, for products manufactured at a number of Texaco plants -- at Blessing, Texas, Old Ocean, Texas, and Wilcox, Texas, all within 80 miles of Houston. In execution of these orders, Allied and the predecessors of Allied sent tank trucks prominently displaying the TEXGAS mark into these plants of Texaco to take delivery. Delivery of LP-gas from Texaco has also been received by branded distributors using tank trucks bearing the TEXGAS brand.

At least as early as 1956, Texaco has in turn purchased LP-gas from the predecessors of Allied's Union Texas Petroleum Division. These transactions also took place at Houston, Texas, and related to LP-gas delivered directly to Texaco's Port Arthur refinery in tank trucks bearing the TEXGAS brand.

Accordingly, significant corporate records of Texaco relating to the contacts between Texaco and Union Texas Petroleum as well as its predecessors will be found at

Houston, Texas. Also, defendant is fairly certain that discovery will develop the identity of Texaco-employed individuals who have dealt with defendant and have been aware of the use of the TEXGAS mark by defendant. Two such individuals are believed to be Mr. J. E. Thelen, LP-Gas Sales Manager of Texaco in Houston and Mr. C. L. Masterson, a Texaco employee in Houston. Others surely exist both at Texaco's offices and at the refineries of Texaco in the Houston area.

Proof of these transactions and proof that management personnel of Texaco have long been aware of use of the trademark TEXGAS by defendant represents an important issue in this case.

> "Where a party has failed for a substantial period of time to take action to protect an alleged right [in a trademark], that fact may be strongly relied on at a subsequent date as evidence that the marks are not confusingly similar." E. Vandenburg, Trademark Law and Procedure, at 156 (2d ed. 1968).

In Loma Linda Food Co. v. Thomson & Taylor Spice Co., 279 F.2d 522, 525 (C.C.P.A. 1960), the court stated:

> "If the evidence shows a state of facts in which it is inconceivable that the party charged with laches in a trademark case could have been unaware of the opposing party's use of the mark, he cannot be heard to say that his delay is excusable because of lack of knowledge."

D. Transfer Will Permit the Proper Joinder of Other Corporate Parties Whose Presence Is Nesessary

As pointed out by Allied in its accompanying contingent motion to dismiss for failure to join an indispensible party, most retail gasoline sales of the Union Texas Petroleum Division are accomplished through the corporation Texgas Service Stations, Inc. ("TSSI"). TSSI is a separate corporation which maintains its corporate headquarters at Houston, Texas. All the officers of TSSI reside in Houston.

Texaco has requested in its complaint an injunction against Allied and its subsidiaries including TSSI from

selling gasoline, motor oil, and related products to the public under the TEXGAS mark. However, TSSI may not be enjoined unless it is a party to this action.

TSSI is not qualified to do business in New York and, in fact, does not do any business in New York. As stated above, the service stations operated by TSSI exist in the southern and southwestern United States. All the TSSI records are located at Houston, Texas, and a significant number of the service stations owned or operated by TSSI utilizing the TEXGAS mark are located in Texas. Clearly the convenience of TSSI is best served by continuation of this action in Houston and by joinder of TSSI in order that it might protect its manifest interest in the continued unfettered use of the TEXGAS mark in its service operations.

VI. The Potential Witnesses Are Located Predominantly in Areas Remote from New York, and a Significant Number of Potential Witnesses are in Houston, Texas

Perhaps the most significant factor to consider in determining the convenience of a forum is to determine the proximity of witnesses to that forum and the availability of compulsory process to acquire those witnesses to be at trial. As stated by the Supreme Court in Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 511 (1947):

> "Certainly to fix the place of trial at a point where litigants cannot compel personal attendance and may be forced to try their cases on deposition is to create a condition not satisfactory to the Court, jury or most litigants."

In Polaroid Corp. v. Casselman, 213 F. Supp. 379, 382 (S.D.N.Y. 1962) this Court recognized the importance of availability of live witnesses at trial in determining a transfer motion.

> "Depositions, deadening and one-sided, are a poor substitute for live testimony especially where, as here, vital issues of fact may hinge upon credibility. In determining credibility, there is nothing like the impact of live dramatis personae on the trier of facts. Thus, the transfer which defendant seeks will not only serve the convenience of witnesses but, more importantly, the ends of justice."

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

A. Witnesses to Establish the Long History of Use of the TEXGAS Mark Are Located in or More Conveniently to Houston

Union Texas Petroleum Division of Allied traces its use of the TEXGAS trademark back to 1954 when TEXGAS was first employed in connection with the sale of LP-gas by Texas Natural Gasoline Corporation, a predecessor of Allied. As established by the attached affidavit of Mr. Keir, witnesses presently known to the defendant to testify with respect to this matter are:

Mr. Neal E. Van Fossan, currently employed by Union Texas Division of Allied, and residing in Houston; was an engineer with the Texas Natural Gasoline Corporation prior to the time when TEXGAS was first used by Texas Natural;

Mr. John Sutherland, currently division vice-president of Union Texas Division and residing in Houston, was also an original employee of Texas Natural Gasoline Corporation since 1955, not long after the TEXGAS brand was adopted;

Mr. John Oxley, no longer an employee of defendant, the former President of Texas Natural Gasoline Corporation who currently resides in Tulsa, Oklahoma;

Mr. Dale Parker, currently an employee of Union Texas Petroleum Division of Allied Chemical, who resides in Houston and can establish the extent to which petroleum products were transported in railroad tank cars bearing the TEXGAS mark at a time before 1960.

Mr. Billy H. Jordan, currently an employee of Union Texas residing in Houston, was a truck dispatcher with Texas Natural Gasoline Corporation in 1956, and has knowledge of shipments of LP-gas in TEXGAS branded tank cars, including shipments to and from Texaco facilities in such tank cars.

Texas Gas Corporation, another predecessor of defendant, had been marketing gasoline through branded gasoline service stations since as early as 1956. This gasoline was sold under the Texas Gas Corporation brand, the similarity of which to the current TEXGAS mark is apparent. As established by the affidavit of Mr. Keir, the following are some of the witnesses who have now been identified as being able to testify concerning the early sales of gasoline under the TEXAS GAS mark:

Mr. J. W. Love, currently a Union Texas Petroleum employee, residing in Houston and a former employee of Texas Gas Corporation;

Mr. Phillip Cordell, currently a Union Texas Petroleum employee and a former employee of Texas Gas Corporation residing in Houston;

Mr. Norman McIver, a former employee of Union Texas Petroleum Company and a former employee of Texas Gas Corporation, currently residing in Houston;

Messrs. Roger McKillip and Perc Riggins, now retired and residing in Houston, were former employees of Texas Gas Corporation and were also familiar with gasoline operations conducted by Texas Gas Corporation.

In addition, there are many independent gasoline dealers in the Houston area and in Texas who have been selling under the TEXGAS brand and are familiar with the actual marketplace. Among these dealers are several who have been selling gasoline under the TEXGAS brand for more than ten years, and previously had sold under the "Texas Gas Corporation" brand, for example:

Mr. buster Essman, of Angelina Oil Company in Lufkin, Texas, is a petroleum products distrbutor currently marketing gasoline under the TEXGAS brand pursuant to a branding agreement with Union Texas Petroleum and formerly marketed gasoline under the TEXAS GAS brand.

Mr. Cliff Bergeron, of Bergeron Oil Company in Winnie, Texas, has since the early 1960's been a branded dealer in TEXGAS products and previously had sold under the Texas Gas Corporation brand.

B. Witnesses Who Have Been Exposed to TEXACO and TEXGAS Products Reside in Areas Proximate to Houston

In Holiday Rambler Corp. v. American Motors Corp., 254 F.Supp. 137, 139 (W.D. Mich. 1966), the court considered a transfer motion in a trademark infringement case:

> "Since the real question is primarily confusion in the minds of the consuming public between two trademarks, it appears that witnesses from the consuming public would be the key witnesses in the case . . ."

In Houston, Texas, a TEXGAS gasoline station has been operating continuously for about twelve years. There are over 30 additional TEXGAS stations in Houston and its environs

which have been similarly operating for years. The consumers in Houston, presently not identified but undoubtedly located in the Southern District of Texas, can provide essential testimony in this case.

On the other hand, there is not one TEXGAS gasoline station within 900 miles of New York City. This alone forms a compelling reason for transfer. As stated by the Supreme Court in the leading case of Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 508-09, relating to transfer of venue:

> "Administrative difficulties follow for courts when litigation is piled up in congested centers instead of being handled at its origin. Jury duty is a burden that ought not to be imposed upon the people of a community which has no relation to the litigation. In cases which touch the affairs of many persons, there is reason for holding the trial in their view and reach rather than in remote parts of the country where they can learn of it by report only."

Although likelihood of confusion is not dispositively determined by the presence or absence of actual confusion, evidence at the location where simultaneous use has persisted for over twenty years is most certainly relevant. The parties likely will not be able to bring such evidence to the court in New York save by deposition. The greater convenience of a Houston forum to such witnesses is indisputable. Moreover, in Houston the subpoena powers of the court can compel such evidence at trial.

C. Witnesses Who Will Establish the Current Usage of the TEXGAS Mark Are Located in Houston, Texas

As indicated previously, all marketing personnel having responsibility for the marketing and sales of TEXGAS products by Union Texas Petroleum reside in Houston. Mr. A. C. Johnson is Vice President of Marketing for Union Texas Petroleum and is generally responsible for all TEXGAS product marketing. Mr. A. E. VanDyke is General Manager of Retail Marketing of LP-gas and supervises all sales of LP-gas and gasoline through retail locations owned by Texgas Corporation.

Mr. A. C. Berman is General Manager of Distribution and Wholesale Sales, and is responsible generally for wholesale and bulk distribution of LP-gas and gasoline. Mr. Jack Unzicker is Manager of LP-gas Distribution Sales, including sales to branded LP-gas jobbers, and is familiar with actual field operations by jobbers under the TEXGAS mark. Mr. E. C. Stout is responsible for all retail gasoline sales under the TEXGAS mark by Texgas Service Stations, Inc. and is familiar with retail operations in the field of TEXGAS service stations. Mr. Phillip M. Cordell, Manager of Supply and Refinery sales of gasoline and LP-gas maintains an office at Houston, Texas. Mr. J. E. Carr currently and for the past several years, has been Manager of Advertising and Sales Promotion and has handled advertising and promotion of the TEXGAS mark in the gasoline and LP-gas areas.

All these gentlemen are expected to testify concerning the use and promotion of the TEXGAS brand in connection with retail sales of gasoline, motor oil, related automotive products, and LP-gas through both subsidiary owned outlets and branded outlets. All reside in Houston, and indeed the entire management staff of the Union Texas division of Allied, offices in and resides in Houston, Texas. Testimony of these men will be needed to establish the long and continued use of the TEXGAS mark.

Moreover, these gentlemen, particularly Messrs. Johnson, Cordell and Berman (as well as others identified below) have had contact with employees at Texaco, Inc. primarily in Houston, Texas, and will be expected to testify concerning the awareness of the TEXGAS mark on the part of management personnel of Texaco, Inc. of Houston, Texas.

Finally, there are over 100 service stations in Texas retailing gasoline to the consumer under the TEXGAS brand.

The employees and managers of these stations, many of whom are not employees of Union Texas Petroleum but are independent jobbers marketing under the TEXGAS brand pursuant to a branding agreement with Union Texas Petroleum, are expected to give relevant testimony concerning the likelihood of confusion and actual instances of confusion in their marketing area, an area in which both TEXGAS and TEXACO products are sold at the retail level.

For example, Messrs. Essman and Bergeron (identified above) are among dealers who are in the gasoline retailing business under the TEXGAS brand. These men and their counterparts, among other independent dealers, would be much more conveniently served by a Houston forum.

D. The Texaco Employees Who Have Been Aware of the Marketing of TEXGAS Products and of Any Alleged Likelihood of Actual Confusion Are Located Remotely From New York and in Significant Part May Be Found in Houston, Texas

Over the last ten years during which Union Texas Petroleum Division has been marketing various products under the TEXGAS mark, there have been significant contacts between Union Texas Petroleum employees and Texaco employees. These contacts have involved primarily the sale and transfer of petroleum and LP-gas between the companies.

For example, Mr. J. E. Thelen, currently Texaco Manager, LP-Gas, and Mr. C. L. Masterson, a Texaco employee in Houston, have been dealing with representatives of Union Texas Petroleum in the sale of LP-gas products from Texaco to Union Texas Petroleum. These sales are accomplished by purchase orders which display the TEXGAS mark. Such sales currently being accomplished through the offices of Mr. Thelen have been continuing for years through Texaco's offices in Houston. Hence, the pertinent personnel and most certainly the records with respect to these sales may be found in Texaco's Houston office.

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR CHANGE OF VENUE

Texgas Corporation has for years purchased petroleum and LP-gas products from Texaco facilities at Blessing, Texas, Old Ocean, Texas, and Wilcox, Texas, (all within subpoena range of Houston) and in taking delivery of such products, Union Texas Petroleum and branded LP-gas dealers have utilized tank cars and tank trucks prominently displaying the TEXGAS mark. Such facts which have been occurring for years are well known to employees of Texaco who are located at these Texas facilities. Although these Texaco employees have yet to be identified in this action, it would be improper and prejudicial to defendant to preclude defendant from being able to compel the presence of these Texaco employees, located in Houston and its environs, to appear at trial and establish the long period of acquiescence by Texaco management in the use of the TEXGAS mark by Union Texas Petroleum.

Similar evidence exists establishing business contacts between Texaco and the predecessors of Union Texas which used the TEXGAS mark since the 1950's under circumstances which amount to acquiescence by Texaco. For example, Mr. Billy H. Jordan, a truck dispatcher with Texas Natural controlled traffic of tank trucks to Texaco plants in the Houston area. Mr. Alvie Sessions, a truck driver with Union Texas, delivered LP-gas to Texaco's Port Arthur refinery in the 1950's when he was employed with Texas Natural. They reside in Houston. Similar additional evidence will be found closer to Houston than to New York.

In a further aspect, Union Texas Petroleum and Texaco are co-owners of a pipeline company, namely Dixie Pipeline Company, having a terminal in Houston and extending through a number of southeastern states. Both Mr. A. C. Johnson of Union Texas Petroleum and Mr. R. W. Booksh, a Texaco employee residing in Houston, are and have been joint members of the

board of the Dixie Pipeline Company. Furthermore, both Texaco and Union Texas Petroleum employees have served on the board of Dixie Pipeline Company for a number of years. Texaco also owns a pipeline, namely The Texas Pipeline Company, which has been used by Union Texas Petroleum for a number of years to deliver petroleum products from the Houston vicinity to a TEXGAS terminal located near Dallas, Texas. The employees aware of these contacts are in Houston, Texas.

Finally, since TEXGAS products are marketed heavily in Texas and the Houston area, would it not be logical that Texaco employees most aware of instances of confusion would likely be in Texas? Texaco has alleged actual confusion in its complaint. Whoever Texaco intends to rely upon to prove such instances of actual confusion, these witnesses most assuredly are not in New York City since TEXGAS products are not sold in New York City. On the other hand, Messrs. Thelen, Gunnels, Masterson, Wright, and Booksh are persons in the area where competition exists whose testimony is likely to be required by Allied if not by Texaco.

VII. Evidence As to the Strength of Family of Marks Identified by the Alleged Distinctive Prefix "TEX" is Uniquely Available in Texas and the Houston Area

The Complaint asserts Texaco's engagement in exploration, production, and refining of oil and natural gas (Complaint, para. 5). Texaco has alleged that it has used the mark "TEXACO" and "the distinctive prefix "TEX" all of which are associated with one another and the plaintiff's name" (Complaint, para. 9), and further that the mark TEXACO and said other "TEX" marks have come to be and are now recognized and relied upon by the public as identifying plaintiff's goods exclusively." (Complaint, para. 14.)

This assertion of distinctiveness of a "TEX" family of marks is refuted by evidence which exists uniquely in the state of Texas.

As established by the attached affidavit by Mr. Lynch, there are currently automobile service stations in Houston operating under "TEXAS STAR". (The analogy to the Texaco "man who wears the star" slogan is inescapable.) In addition, a review of local telephone directories around Texas reveals the existence of a number of companies in the oil or petroleum business having a name using the prefix "TEX". The existence of the following companies and the scope of their businesses has been preliminarily established by checking of telephone directories and through Dun and Bradstreet reports (see attached affidavit of Mr. Lynch).

Houston Texas

Tex-Seal Motor Oil Co.	-	cans and packages motor oil
Texakota Oil Co.	-	engaged in oil exploration and operation
Texas Star Oil Co.	-	operates gasoline stations under "Texas Star" Brand
Texcolada Oil Co.	-	oil and gas producer, sells to oil industry
Texoil Corp.	-	oil and gas exploration company with branch in Houston, based in Memphis, Tenn.
Texxon Motor Center	-	business unknown
Texas Gas and Oil Co. (formerly Tex Star Oil and Gas Corp. and currently maintaining a phone listing in Houston under that name)	-	oil and gas exploration, gas gathering and processing

Dallas-Ft. Worth, Texas

Tex-O-Lene Oil Co.	-	business unknown
Texaro Oil Co.	-	oil royalties
Texam Oil Division (Energy Resources Corp.)	-	crude oil producer
Texfel Petroleum Corp.	-	oil producer, located Los Angeles with branch office in Dallas

Elsewhere in Texas and Surrounding Area

Tex-Mem Oil Co.	-	oil producer located in Wichita Falls, Texas
Tex-Sun Oil Corp.	-	dealer in oil leases, located Corpus Christi, Texas
Texcellere Corp.	-	oil and gas operator, located Corpus Christi, Texas
Texpet Oil Co.	-	wholesale and retail petroleum products located San Antonio, Texas
Tex-lon Oil Co.	-	sales of bulk petroleum products, located Austin, Texas
Texlan Oil Co.	-	oil and gas producers located Tyler, Texas
Texo Oil Corp.	-	oil and gas producers located Ardmore, Oklahoma

The above constitutes a list compiled following a brief investigation. It should be recalled that the name "Texaco" is a contraction of "The Texas Company" (Complaint, para. 6) and that the state of Texas has long been known as a source of crude oil and hence has become identified with petroleum products. These corporations bearing "TEX" names have existed and continue to exist in Texas, and it is by access to these sources of proof that the alleged distinctiveness of the "TEX" prefix claimed by Texaco can be disproven. Indeed, as expressed by a noted commentator on trademark law in respect to "family marks" supposedly identified by a distinctive prefix or suffix:

> "Use of the prefix or suffix by others will negate the contention that purchasers would recognize that a party has a 'family' of marks." E. Vandenburgh. Trademark Law and Procedure § 5.34 at 184 (2d. ed. 1968).

The evidence of use of the prefix "TEX" is clearly in Texas, and defendant should not be deprived of access to this proof at trial. Many of the witnesses involved may be third party witnesses who may be compelled to attend trial at Houston, and all of whom would find it more convenient and less expensive to travel to Houston rather than New York.

* * * * * *

The most significant factor to be considered under Section 1404(a) is the convenience of party and non-party witnesses. Saminsky v. Occidental Petroleum Corp., 373 F.Supp. 257 (S.D.N.Y. 1974). Ryer v. Harrisburg Kohl Bros., Inc., 307 F.Supp. 276 and 315 F.Supp. 7 (S.D.N.Y. 1969). Chessman v. United Air Lines, Inc 158 F.Supp. 404 (S.D.N.Y. 1958). As clearly established above, the witnesses who know about the TEXGAS mark and its use are in Texas. Customers who buy TEXGAS products are in Texas. The evidence of Texaco's acquiescence is in Texas. And third party witnesses in possession of relevant facts and third party sources of proof are in Texas.

VIII. The Docket in the Southern District of Texas Will Permit a Speedier Trial

The above outlines the convenience to both parties and witnesses resultant from a transfer to the Houston forum and the interests of justice served by providing the court with access to witnesses and proof.

However, promptness of trial is also in the interests of justice. Indeed it appears that the docket in the Southern District of Texas will permit this case to come to trial in about a year whereas the median time to trial in the Southern District of New York is over two years. The Management Statistics for 1973 and 1974 published by the Administrative Office of United States Courts show the median times from issue to trial for civil cases as follows:

	1973	1974
So. District of New York	28 months	21 months
So. District of Texas	12 months	12 months

The TEXGAS mark has been in use for over 20 years and now Texaco is seeking to enjoin that use. Allied should be afforded an opportunity to dispose of these assertions of infringement at the earliest opportunity. Indeed, the use and goodwill built up by scores of independent gasoline stations using the TEXGAS mark in Texas and the mid-South has been challenged. It most surely is in the interests of justice to remove that cloud without delay.

IX. Plaintiff's Choice of Forum is Entitled to Minimum Weight in This Case

While plaintiff's choice of forum is still a factor to be considered, it is no longer entitled to the great weight formerly given it under the doctrine of forum nonconveniens. Saminsky v. Occidental Petroleum Corp., supra. Even when plaintiff is a resident of the forum in which the action is brought, the significance of plaintiff's choice is minimal when the cause of action sued upon arose outside that forum. Ryer v. Harrisburg Kohl Bros., Inc., supra. In Morgan v. Illinois Central Railroad Co., 161 F.Supp. 119, 120 (S.D. Tex. 1958), the court also removed from the home forum chosen by plaintiff:

> "Where, however, as here, none of the operative facts occur within the forum of original selection, the plaintiff's choice is entitled to minimal consideration."

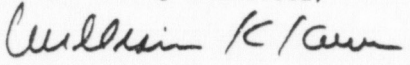
Thus, Texaco's presence in New York is of little significance. The acts complained of are in Texas. And indeed, a Houston jury, exposed to the TEXGAS and TEXACO marks, is more capable of determining the issues herein. See Chance v. E. I. DuPont de Nemours & Co., 371 F.Supp. 439 (S.D.N.Y. 1974).

Texaco is seeking to enjoin the use of TEXGAS by Allied after more than twenty years of continuous use. Allied should be given the clear access to the witnesses and proof it requires to defeat this claim.

X. Conclusion

The convenience factors and the interests of justice strongly dictate a Houston forum. Allied has clearly carried its burden of proof establishing the propriety of such a transfer.

Respectfully submitted,



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DEFENDANT'S MOTION TO DISMISS UNDER RULE 19 FRCP.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,	:	
Plaintiff,	:	75 Civ. 327 (LWP)
v.	:	
ALLIED CHEMICAL CORPORATION,	:	
Defendant.	:	

MOTION TO DISMISS UNDER RULE 19 FRCP FOR
FAILURE TO JOIN A PARTY NEEDED FOR JUST ADJUDICATION

Comes now Defendant, Allied Chemical Corporation, and respectfully moves this Court for an order dismissing this cause for failure to join a party needed for just adjudication under Rule 19 Federal Rules of Civil Procedure.

Defendant brings this motion for the reason that Texgas Service Stations, Inc. ("TSSI") claims an interest in the trademark which is the subject of this controversy, such that its ability to protect that interest will be impaired in the event of disposition of this action in TSSI's absence.

Texgas Service Stations, Inc. is not qualified to do business and does not conduct any business in New York and thus is not amenable to process in this action. A judgment rendered in the absence of TSSI may be prejudicial to TSSI's interest in the mark TEXGAS. For these reasons

DEFENDANT'S MOTION TO DISMISS UNDER RULE 19 FRCP

and further based upon the attached Memorandum and Affidavit of Harry O. Keir, Defendant respectfully moves this Court for an order dismissing this cause.

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MEMORANDUM IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - - X

TEXACO INC.,

Plaintiff,

v.

ALLIED CHEMICAL CORPORATION,

Defendant.

- - - - - - - - - - - - - - - - - - - X

75 Civ. 327 (LWP)

MEMORANDUM IN SUPPORT
OF DEFENDANT'S MOTION TO DISMISS
FOR FAILURE TO JOIN INDISPENSABLE
PARTIES

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MEMORANDUM IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS

MEMORANDUM IN SUPPORT
OF DEFENDANT'S MOTION TO DISMISS
FOR FAILURE TO JOIN INDISPENSABLE
PARTIES

Introduction

This controversy arises on complaint of Texaco, Inc. ("Texaco"). Texaco centers its complaint around the use by Allied Chemical Corporation ("Allied") and by subsidiaries of Allied of the trademark TEXGAS for sale of motor gasoline and liquefied petroleum gas (LP gas), which mark Texaco asserts to be confusingly similar to its mark, TEXACO.

Background

Texaco is a major integrated oil producer having sales activities in all of the contiguous 48 states.

Allied is principally involved in chemical and fiber production and in the production and sale of energy related products. As a part of its energy related business, Allied markets gasoline, motor oil and LP gas under the trademark TEXGAS. Allied, through its Union Texas Petroleum Division, processes crude oil at its Winnie, Texas refinery, producing refined gasoline and other products. Allied sells the refined products to its subsidiaries and unrelated third parties for retail distribution. The retail marketing of motor gasoline is accomplished in two ways. First, Allied sells gasoline and motor oil to independent third parties, some of whom market the products under the TEXGAS mark pursuant to agreement with Allied. Second, all the retail marketing of gasoline and motor oil for Allied is accomplished through Allied's wholly owned subsidiaries, Texgas Service Stations, Inc. (TSSI) and Texgas Corporation

(Texgas Corp.). Texgas Corp. and TSSI have not been joined as parties to this action.

Rule 19(a) FRCP provides that a person who is subject to service of process shall be joined as a party in the action if he claims an interest relating to the subject of the action and is so situated that the disposition of the action in his absence may as a practical matter impede his ability to protect that interest. TSSI and Texgas Corp. do have an interest in the subject matter of the action in that TSSI and Texgas Corp. market motor gasoline, motor oil and LP gas under the mark TEXGAS.

Rule 19(b) further provides the action shall be dismissed when the absent person is regarded as indispensable.

Allied seeks a dismissal of this action as an alternative to the relief requested in its motion to transfer filed concurrently herewith. Not all the interested parties are before this Court, and, in fact, TSSI, the operator of eighty-four retail gasoline outlets, is not doing business in New York, is not licensed to do business in New York and cannot be joined in this forum.

Allied seeks this dismissal for the reasons that:

a. The relief sought by Texaco includes relief by which Texaco seeks to enjoin subsidiaries of Allied not parties to this action. TSSI and Texgas Corp. are the retail marketing arms of Allied and are separate corporations having separate boards of directors from the parent, Allied;

b. TSSI cannot be sued in this jurisdiction and cannot be joined in this forum;

c. Substantial prejudice would result from an adjudication in this action determining the respective rights of parties in the TEXGAS mark with one of the principal users of the mark not before this Court.

1. The relief sought by Texaco requires TSSI and Texgas be made parties to this action.

In its complaint, Texaco prays for injunctive relief against defendant (Allied) and its "related companies", specifically requesting that "those in active concert or participation with them . . . be permanently enjoined" from using the mark TEXGAS.

It is apparent that one against whom another would seek relief must be a party to the action. Particularly when invoking the equitable powers of the Court, equity can only be served by the presence of all interested parties, a full airing of the controversy be had. Does Texaco seek relief against TSSI and Texgas Corp.? By the precise wording of the prayer for relief Texaco can be heard to urge no other premise.

For relief to be ordered against a subsidiary where only the parent-stockholder is before the Court, there must be substantial, if not complete control of the subsidiary by the parent, and perhaps even substantial identity between the two companies. National Lead Co. v. Federal Trade Commission, 227 F.2d 825, 829 (7th Cir. 1955).

MEMORANDUM IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS

The fact of independent corporate identity as regards Allied and its subsidiaries is evidenced by the attached affidavit of Mr. H. O. Keir. As recited therein, both TSSI and Texgas Corp. are Delaware corporations duly licensed to conduct business operations in Texas. Each company has its own board of directors, holds annual meetings of the shareholders or their designated agent(s), and periodic meetings of the directors. The control of TSSI and Texgas Corp. is exercised in the normal manner, whereby the shareholders elect a Board of Directors who then determine the management policies of the respective subsidiaries.

The conclusion is inescapable --- for there to be a resolution of all issues in this action and to accomplish the result desired by Texaco, Texgas Corp. and TSSI must be made parties to the action.

2. The retail use of the mark TEXGAS is by Texgas Corp. and Texgas Service Stations, Inc.

Texgas Corp. and TSSI serve as the direct retail marketing arms of Allied. Texgas Corp. owns nine service stations selling refined gasoline and other products to the public. TSSI owns 82 such retail outlets selling gasoline and motor oil under the TEXGAS trademark, as well as providing service under the TEXGAS mark related to the dispensing of such products.

The major marketing areas of TEXGAS gasolines are in the South and Southeast. The four marketing regions center around Houston, Dallas and Beaumont, Texas and Memphis, Tennessee.

MEMORANDUM IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS

Having used and promoted the mark TEXGAS since 1963, Texgas Corp. and TSSI (or their predecessors) have acquired certain rights in the mark akin to ownership. An owner having substantial rights in the mark has been held to be an indispensable party to an action for infringement. Switzer Bros. v. Byrne, 242 F.2d 909 (6th Cir. 1957). And even in the instance of there being merely a licensee relationship, that licensee has rights in the trademark which was enforceable. Varsity Sportswear, Inc. v. Princess Fabrics Co., 19 N.Y.S. 2d 723 (1940).

TEXGAS LP gases are marketed in five regions, again principally centered in the Mid-West, South and Southeastern parts of the U. S. The sole use of the mark TEXGAS in the Southern District of New York is by one retail distributor selling TEXGAS LP gas, not gasoline, in Columbia County, over one hundred miles from this Court.

Other persons using the mark TEXGAS in conjunction with gasoline and LP gas sales are "branded jobbers". These wholesale distributors purchase refined product from Allied and market the product through retail outlets under the TEXGAS trademark.

The wholesale distribution of gasolines and LP gas constitutes the major portion of the use of the TEXGAS mark by Allied. Allied sells products to a few hundred dealers under the TEXGAS mark, while TSSI and Texgas Corp. market gasoline and LP gas to literally thousands of members of the consuming public.

MEMORANDUM IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS

3. Texgas Service Stations, Inc. and Texgas Corp. are separate entities.

As noted in the attached affidavit of Mr. Harry O. Keir, Texgas Service Stations, Inc., is a Delaware corporation qualified to do business in Arkansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas. TSSI has its board of directors separate from that of Allied Chemical Corporation, and conducts its business in accord with the mandate of the board of directors. The most recent shareholders meeting occurred on May 20, 1975 where the proxy of the holder of TSSI stock, held by Messrs. Bonner, Moore and McCollom was voted in accord with the mandate of the shareholder. New directors were elected at the shareholders meeting.

TSSI filed its most recent franchise tax return in the State of Texas on June 6, 1974. TSSI maintains separate bank accounts for depositing receipts and for paying its salaried personnel.

As further pointed out in the attached affidavit, Texgas Corp. maintains its separate board of directors, and conducts annual shareholder and directors meetings. Texgas Corp. is a Delaware corporation and is qualified to do business in 24 states through the Southeast and Mid-West, including Texas and New York.

Allied Chemical Corporation is the sole owner of the stock in Texgas Corp. and TSSI. However, as pointed

out in the attached affidavit, the corporations are separate, possessing the required objective indicia to maintain their corporate identity.

4. Substantial prejudice will result from an adjudication of trademark rights when the principal users of the mark are not before the Court.

The test most commonly applied in determining whether a party may properly be regarded as indispensable is found in State of Washington v. United States, 87 F.2d 421, 427-428 (9th Cir. 1936). Therein the Court enunciated the following test:

> "From these authorities it appears that the absent party must be interested in the controversy. After first determining that such party is interested in the controversy, the court must make a determination of the following questions applied to the particular case: (1) Is the interest of the absent party distinct and severable? (2) In the absence of such party, can the court render justice between the parties before it? (3) Will the decree made, in the absence of such party, have no injurious effect on the interest of such absent party? (4) Will the final determination, in the absence of such party, be consistent with equity and good conscience?"

Focusing on item (1) we find the interest of TSSI and Texgas in the mark TEXGAS to be integral with that of Allied -- that is, the subsidiaries have rights in the mark TEXGAS which are analogous to ownership. The interests of each of the respective parties is not distinct. Allied does not engage in the offering of services through retail service stations under the TEXGAS mark, . . . but Texgas Service Stations, Inc. does. Texgas Service Stations, Inc. does not offer for sale LP gases . . . but Allied does. But all use the mark TEXGAS. One can readily appreciate the montage of common and co-existing rights, which, in the

absence of Texgas Corp. and TSSI, preclude the rendering of a judgment which would not be prejudicial to the rights of those absent parties.

In State of Washington v. United States, supra, the Court provides additional guidance in determining whether the absent party is indispensable:

> "However, if any one of the four questions is answered in the negative, then the absent party is indispensable." 87 F.2d at 428

The interests of TSSI and Texgas Corp. are not distinct from those of Allied nor can an equitable decree be framed which would not prejudice the rights of these separate marketing entities. The absent parties, under the previously discussed test, must be regarded as indispensable.

5. Texgas Service Stations, Inc. is not amenable to service of process in this jurisdiction.

Texgas Corp. owns one LP gas outlet in the Southern District of New York (albeit in the northernmost part of this district), is licensed to do business in New York, and is therefore subject to the jurisdiction of this Court.

Texgas Service Stations, Inc. is not licensed to do business in New York, does no business in New York and therefore cannot be made a party to this action.

In such instance, the Court, again in State of Washington v. United States, supra, states the applicable rule:

> "[T]he nonjoinder of an indispensable party is fatal error, and the court cannot proceed to a decree in the absence of such indispensable party . . . ." 87 F.2d at 428

6. Conclusion.

Having determined TSSI to be an indispensable party who cannot be joined in this action, this Court is compelled to either dismiss this action or to transfer it to a forum where TSSI can be joined.

Respectfully,

William K. Kerr

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AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- X

TEXACO INC., :

Plaintiff, : 75 Civ. 327 (LWP)

v. :

ALLIED CHEMICAL CORPORATION, :

Defendant. :

- X

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANTS MOTION TO DISMISS UNDER RULE 19 FRCP FOR FAILURE TO JOIN A PARTY NEEDED FOR JUST ADJUDICATION

Comes now Harry O. Keir, being duly sworn, and deposes and states as follows:

I am Secretary of Texgas Service Stations, Inc. and Texgas Corporation and am responsible for the maintenance of the corporate records of Texgas Service Stations, Inc. and Texgas Corporation.

Texgas Service Stations, Inc. is a Delaware corporation, duly authorized to do business in Texas.

Texgas Service Stations, Inc. ("TSSI") was incorporated in Delaware on March 11, 1960. TSSI is qualified to do business in Arkansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas. TSSI is not qualified to do business in New York and does not do any business in New York.

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS

Allied Chemical Corporation owns all of the issued stock of Texgas Service Stations, Inc.

Texgas Service Stations, Inc. maintains banking accounts in Memphis, Dallas and Houston, and maintains depository accounts for the collection of daily receipts from the various gasoline service stations. TSSI filed its most recent franchise tax return in Texas on June 6, 1974.

On May 20, 1975, Texgas Service Stations, Inc. held its annual shareholders meeting, with the shareholder (Allied) being represented by a proxy held by Messrs. Bonner, Moore and McCollom.

The respective boards of directors of Texgas Service Stations, Inc. and Texgas Corporation are separate and distinct from that of Allied Chemical Corporation.

Texgas Corporation was incorporated in Delaware on November 9, 1960 and presently is qualified to do business in the following states:

Alabama
Arkansas
Florida
Illinois
Indiana
Iowa
Kentucky
Louisiana
Georgia
Mississippi
Minnesota
Massachusetts
Missouri
Maine
North Carolina
North Dakota
New Hampshire
New York
New Jersey
Pennsylvania
Tennessee
Texas
Vermont
Wisconsin

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS

Allied Chemical Corporation owns all of the issued stock of Texgas Corporation.

On May 20, 1975, Texgas Corporation held its annual shareholders meeting, with the shareholder (Allied) being represented by a proxy held by Messrs. Bonner, Moore and McCollom.

Texgas Corporation maintains approximately 100 commercial bank depository accounts with additional payroll accounts being centrally maintained in five geographic regions for paying the salaries of the various personnel employed by Texgas Corporation.

Texgas Corporation filed its most recent annual franchise tax report for the State of Texas on May 10, 1974.

Harry O. Keir

Sworn to and subscribed before me this 6th day of June, 1975.

Notary Public in and for
Harris County, Texas

[SEAL]

AFFIDAVIT OF JOHN F. LYNCH IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,

Plaintiff,

v.

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327 (LWP)

JUN 10 1975

AFFIDAVIT OF JOHN F. LYNCH
IN SUPPORT OF DEFENDANT ALLIED'S
MOTION FOR A CHANGE OF VENUE
UNDER 28 U.S.C. § 1404(a)

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

John F. Lynch, being duly sworn, deposes and says:

1. I am an attorney, admitted to practice in the states of Texas and New York, and am an attorney for the defendant Allied Chemical Corporation ("Allied") in this action.

2. I have conducted an investigation and have directed the conduct of an investigation of facts in support of Allied's Motion for a Change of Venue under 28 U.S.C. § 1404(a). This investigation has focused primarily upon the

employees and facilities maintained by plaintiff Texaco Inc. ("Texaco") in Houston which would be relevant sources of potential evidence in this action, and upon other corporations and businesses currently operating in Houston and in the State of Texas in the petroleum industry which use the prefix "TEX" as a tradename and/or trademark. The prefix "TEX" was alleged by Texaco in the Complaint to be distinctive of the products and/or services of Texaco.

The Presence of Texaco in the Houston Area and in Texas

3. According to the June 1974 Southwestern Bell "Yellow Pages" for Greater Houston, there are over one hundred fifty service stations selling TEXACO products in the greater Houston area. Copies of the pages identifying those TEXACO service stations are attached hereto as Exhibit A.

4. On information and belief: Texaco has approximately 3,000 employees in Houston, Texas; among the operations maintained by Texaco in Houston are a Regional Sales Office, which together with Regional Sales Offices in Atlanta, Los Angeles and Chicago constitute the major Regional Sales Offices of Texaco; Texaco does not maintain a Regional Sales Office in New York, though such offices are maintained in Philadelphia and Boston, among cities in the northeast, and

also in Portland, Denver, St. Louis and Orlando; Texaco's Computer Services Department is headquartered in Houston, and a Texaco Travel Card computer center is maintained in Houston believed to encompass credit card sales in Texas and surrounding states; research is conducted at Houston (Bellaire) Texas, and Texaco's Engineering Department is based in Houston; there is also an Accounting Center of Texaco in Houston.

5. On information and belief: Texaco owns and/or operates twelve refineries in the United States, four of which are in Texas, the largest believed to be at Port Arthur, Texas about 90 miles from Houston; the Texas Pipe Line Company which owns and/or operates pipelines for Texaco is headquartered in Houston.

6. On information and belief: Mr. R. Earle Wright is a corporate vice-president of Texaco in Houston responsible for the gas department of Texaco, at least insofar as production is concerned; Mr. Eddins W. McNealy, also a vice-president, is in charge of refining operations and is located in Houston; sales of gasoline and liquefied petroleum gas (LP-gas) for Texas and surrounding states are handled by Messrs. Ellis W. Gunnels and J. A. Thelen respectively, both of whom maintain offices in Houston. The Union Texas division of Allied in

Houston has had direct dealings with Mr. Thelen with respect to sales of LP-gas, and has transmitted to the office of Mr. Thelen purchase orders displaying the TEXGAS trademark.

7. The 1974 Annual Report of Texaco states:

> "The organization of Texaco Inc. is highly centralized with respect to the formation of policy and budget but is decentralized in the implementation of established policies and budgeted programs."

A copy of the cover of the 1974 Annual Report as well as the page with the above statement is attached as Exhibit B.

Other "TEX" Companies in the Petroleum Industry in Texas

8. Pursuant to an investigation conducted under my supervision gasoline is currently being and has been sold in the Houston area under the mark "TEXAS STAR". In addition there is currently operating a business appearing to be an automotive repair business in Houston under the name "TEXXON Motor Center".

9. A preliminary investigation of telephone directories and Dun & Bradstreet reports has indicated the current existence of the following companies apparently in the oil or petroleum business having names utilizing the prefix "TEX":

AFFIDAVIT OF JOHN F. LYNCH IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Houston, Texas

Tex-Seal Motor Oil Co.	-	cans and packages motor oil
Texakota Oil Co.	-	engaged in oil exploration and operation
Texas Star Oil Co.	-	operates gasoline stations under "Texas Star" Brand
Texcolada Oil Co.	-	oil and gas producer, sells to oil industry
Texoil Corp.	-	oil and gas exploration company with branch in Houston, based in Memphis, Tenn.
Texxon Motor Center	-	Business unknown
Texas Gas and Oil Co. (formerly Tex Star Oil and Gas Corp. and currently maintaining a phone listing in Houston under that name)	-	Business unknown

Dallas-Ft. Worth, Texas

Tex-O-Lene Oil Co.	-	Business unknown
Texaro Oil Co.	-	oil royalties
Texam Oil Division (Energy Resources Corp.)	-	crude oil producer
Texfel Petroleum Corp.	-	oil producer, located Los Angeles with branch office in Dallas

Elsewhere in Texas and Surrounding Area

Tex-Mem Oil Co.	-	oil producer located in Wichita Falls, Texas
Tex-Sun Oil Corp.	-	dealer in oil leases, located Corpus Christi, Texas
Texcellere Corp.	-	oil and gas operator, located Corpus Christi, Texas

Texpet Oil Co.	-	wholesale and retail petroleum products located San Antonio, Texas
Tex-Con Oil Co.	-	sales of bulk petroleum products, located Austin, Texas
Texlan Oil Co.	-	oil and gas producers located Tyler, Texas
Texo Oil Corp.	-	oil and gas producers located Ardmore, Oklahoma

Copies of the Dun & Bradstreet reports referred to are attached as Exhibit C.

TEXGAS Trademark Registration

10. Allied currently owns United States Trademark Registration No. 722,939 of the trademark "TEXGAS" [in script] for "liquefied petroleum gases -- namely butane, propane" which was registered October 24, 1961. Affidavits under Sections 8 and 15 of the Lanham Act (15 U.S.C. §§ 1058 and 1065) have been filed and accepted in the Patent and Trademark Office rendering the registration uncontestable in accordance with 15 U.S.C. § 1065. A photocopy of the "status copy" of the registration is attached as Exhibit D.

Relative Docket Loads of Districts

11. The pages of the Management Statistics published by the Administrative Office of United States Courts published for 1973 for the Southern District of New York and

AFFIDAVIT OF JOHN F. LYNCH IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

the Southern District of Texas are attached as Exhibits E-1 and E-2 respectively. These statistics show a median time from issue to trial in civil cases to be 28 months in New York versus 12 months in Texas. The statistics for 1974 were obtained by telephone from the Administrative Office of United States Courts in Washington, D.C. and indicate the median times from issue to trial in New York is now 21 months versus 12 in Texas.

John D. Lynch

John F. Lynch

SUBSCRIBED AND SWORN TO before me this 6 day of June, 1975.

Edith Frederick

Notary Public in and for
Harris County, Texas

[SEAL]

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - X

TEXACO INC., :

Plaintiff, : 75 Civ. 327 (LWP)

v. :

ALLIED CHEMICAL CORPORATION, :

Defendant. :

- - - - - - - - - - - - - - - - - - X

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT ALLIED'S MOTION FOR A CHANGE OF VENUE UNDER 28 U.S.C. § 1404(a)

COMES NOW, HARRY O. KEIR, and deposes and states as follows:

1. I am Assistant Secretary of Allied Chemical Corporation in Houston, Texas, and am responsible for maintaining the corporate records of Allied Chemical insofar as the business of its Union Texas Petroleum Division is concerned, and further am responsible for maintaining the corporate records of Texgas Service Stations, Inc. and Texgas Corporation.

Use of TEXGAS by Allied and Subsidiaries

2. ALLIED CHEMICAL CORPORATION ("Allied") has two wholly-owned subsidiaries, Texgas Service Stations, Inc., and Texgas Corporation, both of which are Delaware Corporations, which promote and market certain petroleum products under

the mark TEXGAS on a retail level. Allied by and through its Union Texas Division ("Union Texas"), promotes and markets certain pertroleum products under the mark TEXGAS. Allied has no divisions, other than the Union Texas Division and no subsidiaries, other than Texgas Service Stations, Inc. and Texgas Corporation, which are involved in the sale of TEXGAS products.

3. Texgas Corporation owns or operates retail LP-gas outlets in an area east of the Rocky Mountains. Texgas Corporation also owns or operates nine retail gasoline stations, principally in the Memphis Tennessee area. Union Texas also distributes LP-gas to independent dealers, some of whom sell under the TEXGAS mark pursuant to branding agreements. LP-gas is used generally as a household and light industrial fuel.

4. Texgas Service Stations, Inc., owns or operates TEXGAS service stations at which TEXGAS gasoline, motor oil and related automotive and petroleum products are sold on a retail level to the consuming public. Independent retailers sell TEXGAS gasoline, which they purchase from Union Texas and sell to the consuming public under the TEXGAS brand.

Origin of TEXGAS Mark With Texas Natural Gasoline Corporation

5. At least as early as 1954, Texas Natural Gasoline Corporation ("Texas Natural"), based in Tulsa, Oklahoma,

began marketing LP-gas under the mark TEXGAS as evidenced by the 1954 annual report of Texas Natural. As further shown by the 1955 annual report, Texas Natural opened a sales office in Houston in 1955, and utilized tank trucks bearing the TEXGAS mark in the delivery of LP-gas to retail dealers in seventy counties within Texas. According to its 1958 annual report, Texas Natural had sales offices in Texas, Missouri, Iowa, Kentucky, Pennsylvania, Florida, Wisconsin, Mississippi, and South Dakota. By 1959, as pointed out in its 1959 annual report, Texas Natural was producing LP-gas at eleven plants, nine located in Texas, one in Louisiana and one in Montana. Storage facilities for LP-gas were maintained near Houston, Texas, as well as at other locations in Texas, Louisiana and Montana. By 1959, Texas Natural maintained a fleet of over 1,000 railroad tank cars, many of which were marked with the TEXGAS brand. Copies of relevant pages of annual reports referred to in this paragraph are attached as Exhibit F hereto.

6. On March 3, 1960, Texas Natural was merged into Union Oil and Gas Corporation to form Union Texas Natural Gas Corporation, with its principal offices in Houston, Texas. That corporation continued to market TEXGAS brand LP-gas. In February of 1962, Allied acquired Union Texas Natural Gas Corporation, continuing to market LP-gas under the Tex Gas mark.

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Sale of Gasoline by Allied's Predecessor Under Texas Gas Corporation Mark

7. Also in 1962, Allied acquired a refinery from Texas Gas Corporation located at Winnie, Texas which on information and belief had since 1956 or 1957 marketed gasoline in Texas under a name featuring Texas Gas Corporation. After Allied acquired the gasoline refinery from Texas Gas Corporation in 1962, Allied continued the sale of gasoline through many of the Texas Gas Corporation branded outlets in Texas, changing the brand to TEXGAS. Mr. William Love, currently an employee of Union Texas residing in Houston, has personal knowledge of the marketing of gasoline under the Texas Gas Corporation brand.

Current Usage and Operations of Allied in Connection with TEXGAS Mark

8. Union Texas, division of Allied, Texgas Corp. and Texgas Service Stations, Inc., market gasoline, motor oil and related automotive products in only a six state area in the southern and southwestern states including Texas, Arkansas, Missouri, Tennessee, Mississippi and Florida. There are currently operating 91 TEXGAS stations owned or operated by Texgas Service Stations, Inc. (82) and Texgas Corporation (9), and 126 active branded stations selling gasoline under the TEXGAS brand under branding agreements. The map attached hereto as Exhibit G-1 shows the general location of TEXGAS service stations operated by Texgas Corporation and Texgas

Service Stations, Inc., as well as branded independents who sell under the TEXGAS mark there. (Because of the concentration of stations in certain areas, a single dot on the map may represent several stations.) More than one-half of the service stations which sell gasoline, motor oil and related automotive products under the TEXGAS mark are located in eastern and central Texas covering a region which has Houston, Texas as its geographic center. There are over thirty TEXGAS retail service stations in Houston and its environs. These stations have been operating continuously for many years, the first having been opened in 1963. There is not a single TEXGAS gasoline station within about 900 miles of New York City. Texgas Service Stations, Inc. is not qualified to do business in New York and does not do business in New York.

9. Texgas Corporation markets LP-gas generally in states east of the Rocky Mountains and maintains retail outlets in the Midwest, Southeast and Northeast, with several LP-gas locations in upper New York State. The map attached hereto as Exhibit G-2 shows the location of Texgas Corporation retail LP-gas outlets, as well as branded independent LP-gas dealers selling products under the TEXGAS brand and using the TEXGAS brand on signs or trucks or the like. There is one Texgas Corporation retail outlet which sells LP-gas, not gasoline, under the TEXGAS mark in the Southern District of

New York. That outlet is located in New Lebanon, New York, in Columbia County. There are no Texgas Corporation gasoline stations in New York State.

10. Although Allied corporate headquarters are located in Morristown, New Jersey, the personnel responsible for day-to-day-operation of Union Texas division, Texgas Corp. and Texgas Service Stations, Inc., are located in Houston, Texas and the central records of these day to day activities are maintained in Houston. All central records of Union Texas' sale of gasoline and LP-gas under the TEXGAS mark are maintained in Houston as are all gasoline credit card files for TEXGAS product sales. The division officers and the management staff of Union Texas division of Allied maintain offices in Houston, Texas and reside in and around Houston. Likewise, the principal places of business, the management staff and central records of Texgas Corporation and Texgas Service Stations, Inc. are in Houston. The transportation of refined petroleum products is carried out by trucks and tank cars bearing the TEXGAS mark from refinery and storage facilities around Houston, Texas, as well as other marketing areas.

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Contacts Between Texaco and Allied and Predecessors Using TEXGAS Mark

11. Since 1954, on information and belief, Texas Natural has marketed LP-gas under the TEXGAS mark. Texas Natural had direct dealings with Texaco (then the Texas Company) in purchasing LP-gas from Texaco and selling LP-gas to Texaco. These purchases and sales were made as a result of transactions principally at Houston, Texas

12. Personal knowledge of these early activities of Texas Natural under the TEXGAS brand, particularly insofar as the distribution of TEXGAS products was accomplished using railroad tank cars and tank trucks bearing the TEXGAS brand is possessed by both Dale Parker and Billy H. Jordan, both currently employees of Union Texas division of Allied at Houston, Texas.

13. Mr. Dale Parker was employed by Texas Natural in 1949 and was employed at underground storage facilities for LP-gas maintained by Texas Natural and has knowledge of facts alleged in this paragraph. In 1954, Texas Natural maintained an underground storage facility at Mont Belvieu, Texas, near Houston, at which railroad tank cars bearing the TEXGAS mark were loaded. In 1955, Texas Natural acquired its Pierce Junction storage plant almost immediately proximate

Houston. Railroad tank cars bearing the TEXGAS brand were loaded at one or both of these storage facilities to ship LP-gas throughout a wide distribution area east of the Rocky Mountains since as early as 1954. The TEXGAS brand was also displayed on storage tanks located at least at the Pierce Junction station since 1955. Texas Natural also distributed LP-gas under the "Greens Fuel" brand, but this brand was used in the southeastern states, primarily Florida. In 1955, Texas Natural acquired a company named Ellis Transport Company in Houston, Texas. Tank trucks were branded with the TEXGAS brand to make deliveries of LP-gas throughout the entire Gulf Coast area of Texas. In 1958, a permit was acquired to transport TEXGAS products in branded trucks into Louisiana.

14. Billy H. Jordan is currently Manager of Product Scheduling for Union Texas division of Allied in Houston. Mr. Jordan was employed by Texas Natural as a truck dispatcher in March, 1956, and he has personal knowledge of facts alleged in this paragraph. In March, 1956, TEXGAS branded tank trucks were transporting LP-gas from a Texaco natural gasoline plant located at Blessing, Texas about 80 miles from Houston, and it is believed that for several years prior to 1960 TEXGAS branded tank trucks transported the entire production of LP-gas by Texaco from its Blessing

plant. TEXGAS branded trucks have also transported LP-gas from the Old Ocean Texaco plant located in Bay City-Freeport area about 60 miles from Houston in the late 1950's, and from Texaco's Wilcox, Texas plant located about 80 miles from Houston in the 1960's. Before 1960, TEXGAS branded tank trucks transported LP-gas being sold to Texaco, directly to Texaco's Port Arthur refinery, about 90 miles from Houston in TEXGAS branded tank trucks. Other sales of LP-gas were consummated with Texaco for LP-gas production from the Chocolate Bayou, Texas plant of Phillips Petroleum Company which plant was apparently owned in part by Texaco. In 1956, Texas Natural controlled the only large volume underground storage facilities for LP-gas in the Gulf Coast area at Mont Belvieu and Pierce Junction and transported significant quantities of LP-gas under the TEXGAS brand from these plants. Mr. Jordan has had dealings with Mr. C. L. "Bat" Masterson, a Texaco employee concerning propane sales with Texaco. Mr. Masterson resides and works in the Houston Area.

15. In more recent years, purchases of LP-gas have been made from Texaco at various LP-gas plants and products have been transported from the Texaco plants with tank trucks bearing the TEXGAS brand. Specifically, in accordance

with representative purchase orders attached hereto as Exhibit H, LP-gas has been purchased from Texaco and transported as follows:

(a) from Texaco's Wilcox plant, about 80 miles from Houston, delivery of LP-gas has been taken in tank trucks bearing the TEXGAS brand during 1971 through 1973. The trucks were owned by Texgas Corporation.

(b) from Texaco's Old Ocean Texas plant, delivery of LP-gas has been taken in tank trucks bearing the TEXGAS brand during the period 1970 through 1973. The trucks were owned or operated by Texgas Corporation, Kelly Butane Co. of Bay City, Texas, and Southern Butane of Brazoria, Texas, the latter two being TEXGAS branded LP-gas distributors.

(c) from Texaco's Blessing, Texas plant, delivery of LP-gas has been taken in tank trucks bearing the TEXGAS brand during the period 1971 through 1973. The trucks were owned or operated by Texgas Corporation, Kelly Butane Co. of Bay City, Texas, Hurley Butane of Bay City, Texas, and Calhoun County Butane of Port Lavaca, Texas, the latter three being TEXGAS branded LP-gas distributors.

16. Knowledge of these transactions referred to in paragraph 15 is possessed by Mr. A. C. Berman and Mr. Billy Jordan, employees of Union Texas division of Allied maintaining

offices and residing at Houston, Texas. Mr. C. L. "Bat" Masterson of Texaco currently believed to be residing in Houston is named as a Texaco employee involved in consummating the agreement with Union Texas.

17. Union Texas division of Allied and Texaco are co-owners (with other companies) of a pipeline company, namely Dixie Pipeline Company, having a terminal in Houston and extending through a number of southeastern states. Both Mr. A. C. Johnson of Union Texas division of Allied and Mr. R. W. Booksh, a Texaco employee residing in Houston are and have been joint members of the Board of Directors of Dixie Pipeline Company.

Location of Persons With Knowledge of Past and Present Use of TEXGAS Mark and of Contacts With Texaco

18. Persons who have knowledge of facts (including those mentioned above) and are believed to have knowledge of facts relating to the past and present use of TEXGAS by Allied and its predecessors, and of contacts between Allied and its predecessors and Texaco under circumstances tending to establish knowledge of the use of the TEXGAS mark are listed below. On advice of counsel, these persons can offer relevant testimony in the action and are likely to be called as witnesses to testify concerning the knowledge outlined below.

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Mr. Neal Van Fossan is an engineer currently employed by Union Texas division of Allied in Houston, and was an engineer with Texas Natural Gasoline Corporation prior to 1954 when the TEXGAS mark was first used. He has knowledge of the early operations of Texas Natural and the extent of operations by Texas Natural and successors over the years in connection with the TEXGAS mark.

Mr. John Sutherland, currently division vice-president of Union Texas in Houston, was first employed by Texas Natural Gasoline Corporation in 1955 and has knowledge of early operations of Texas Natural and successors including operations under the TEXGAS mark.

Mr. John Oxley, who is not employed by Allied and who currently resides in Tulsa, Oklahoma, was President of Texas Natural Gasoline Corporation when the TEXGAS mark was adopted in 1954, and is believed to have knowledge concerning the organization, development and early promotion of the TEXGAS mark.

Mr. Dale Parker, currently an employee of Union Texas in Houston, whose knowledge is detailed in paragraph 13 above has knowledge concerning the use of the TEXGAS mark on railroad tank cars and on gas storage plants in 1954 and subsequent years.

Mr. Billy H. Jordan, currently Manager of Product Scheduling for Union Texas in Houston, whose knowledge is detailed in paragraph 14 above has knowledge concerning the use of the TEXGAS brand on LP-gas tank trucks and of the transport of product to and from Texaco facilities in such branded tank trucks in the 1950's and 1960's.

Mr. Alvie Sessions, an employee for Union Texas residing in the environs of Houston was a truck driver for Texas Natural Gas Corporation, and has personally transported LP-gas to Texaco's Port Arthur refinery in a TEXGAS branded truck.

Mr. J. W. Love, currently an employee of Union Texas residing in Houston, and a former employee of Texas Gas Corporation is familiar with branding of independent gasoline retailers in the Houston area with the "Texas Gas Corporation" brand prior to 1960, and is familiar with dealers who have been selling branded TEXGAS products since the time that the TEXGAS brand replaced the "Texas Gas Corporation" brand.

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Mr. Phillip Cordell, currently an employee with Union Texas residing in Houston and a former employee of Texas Gas Corporation has knowledge of branding by Texas Gas Corporation, and has had contacts with Texaco personnel including contacts concerning use of the pipeline of Texas Pipeline Company, a Texaco subsidiary, for transport of TEXGAS products from Houston to the Dallas area.

Mr. Norman McIver, a former employee of Texas Gas Corporation currently residing in Houston, has knowledge concerning the operations of Texas Gas Corporation and the branding of stations in the Houston area with "Texas Gas Corporation" brand.

Messrs. Roger McKillip and Perc Riggins, now retired and residing in Houston, were former employees of Texas Gas Corporation and were also familiar with gasoline operations conducted by Texas Gas Corporation.

Mr. Buster Essman, of Angelina Oil Company in Lufkin, Texas, is a petroleum products distributor currently marketing gasoline under the TEXGAS brand pursuant to a branding agreement with Union Texas Petroleum and formerly marketed gasoline under the "Texas Gas Corporation" brand.

Mr. Cliff Bergeron, of Bergeron Oil Company in Winnie, Texas, has since the early 1960's been a branded dealer in TEXGAS products and previously had sold under the "Texas Gas Corporation" brand.

Current personnel located in Houston and having responsibility and knowledge concerning the promotion, marketing production and sales of TEXGAS products by Union Texas, Texgas Corporation and Texgas Service Stations, Inc. include the following. On advice of counsel, they are likely witnesses:

Mr. A. C. Johnson, division vice-president of marketing and having knowledge and responsibility for marketing all TEXGAS products, both gasoline and LP-gas on a retail and wholesale basis.

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Mr. A. E. Van Dyke, General Manager of Retail Marketing, supervises all sales of LP-gas and gasoline through the retail outlets of Texgas Corporation.

Mr. A. C. Berman is General Manager of Distribution and Wholesale Sales, and is responsible generally for wholesale and bulk distribution of LP-gas and gasoline on a bulk bases to branded outlets and others, and is familiar with dealings with Texaco in Houston.

Mr. Jack Unzicker is Manager of LP-gas Distribution Sales, including specifically sales to branded LP-gas jobbers, and is familiar with actual field operations by jobbers under the TEXGAS mark.

Mr. E. C. Stout is responsible for all retail gasoline sales under the TEXGAS mark by Texgas Service Stations, Inc. and is familiar with retail operations in the field of TEXGAS service stations.

Mr. Phillip M. Cordell, Manager of Supply and Refinery sales of gasoline and LP-gas, maintains an office at Houston, Texas and was an employee with Texas Gas Corporation. He has had contacts with Texaco, particularly in connection with the transport of TEXGAS products in the pipeline of the Texas Pipeline Company, a Texaco subsidiary.

Mr. J. E. Carr currently and for the past several years, has been Manager of Advertising and Sales Promotion in Houston, and has handled, and is familiar with advertising and promotion of the TEXGAS mark in the gasoline and LP-gas areas.

Harry O. Keir

AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

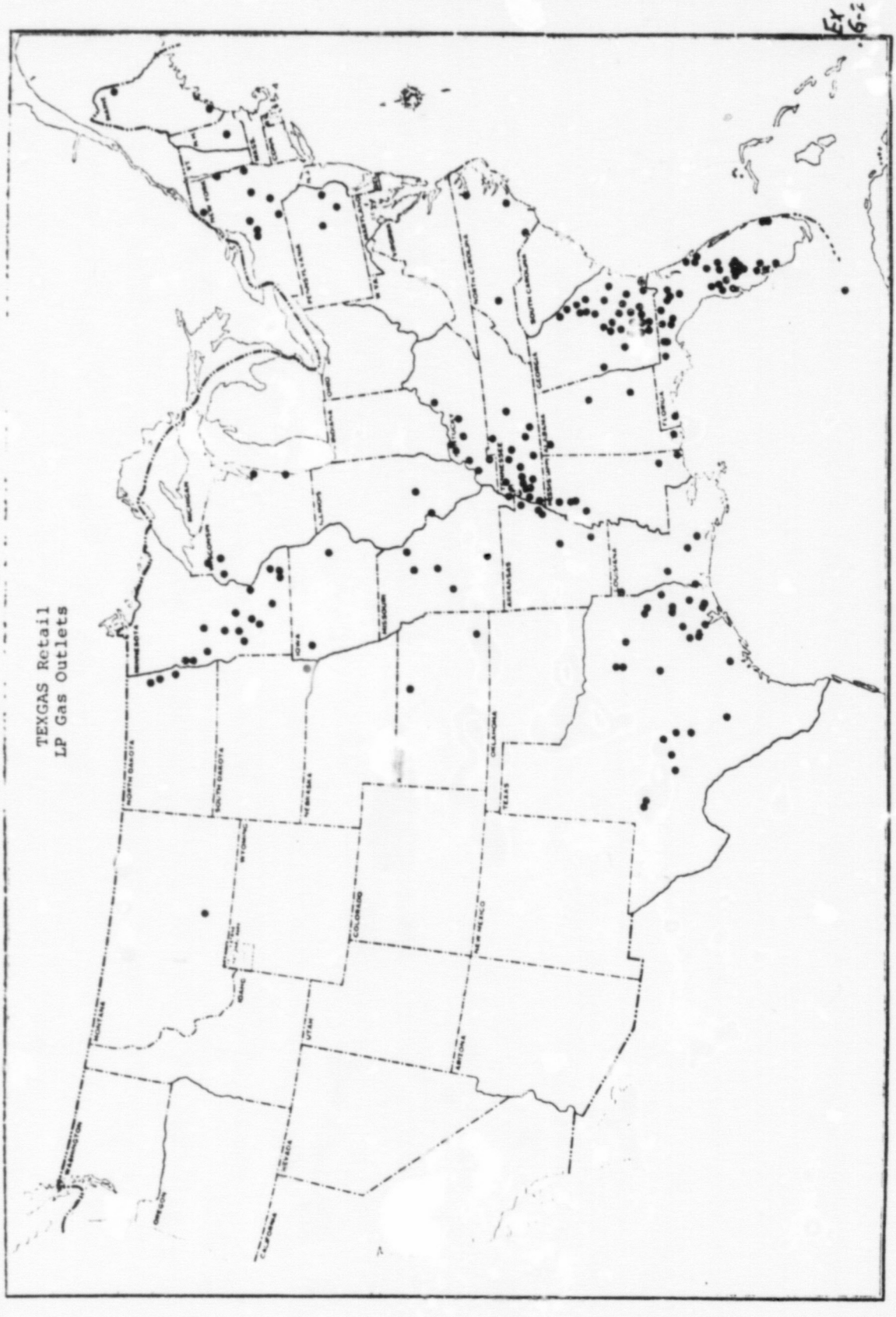
STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

SUBSCRIBED AND SWORN TO before me this 4th day of June, 1975.

Notary Public in and for
Harris County, Texas

[SEAL]

EXHIBIT G-2, MAP OF LP GAS LOCATIONS, ANNEXED TO AFFIDAVIT OF HARRY O. KEIR.



AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,

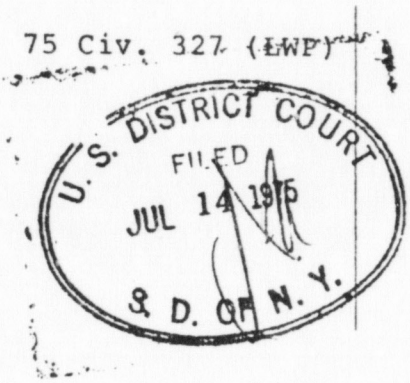
Plaintiff,

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327 (LWP)



STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

MERCER L. STOCKELL, being duly sworn, deposes and says:

1. I am a member of the Bar of the State of New York and of this Court and am a member of the firm of Rogers Hoge & Hills, attorneys for plaintiff Texaco Inc. I am fully familiar with all prior proceedings had herein.

2. I submit this affidavit and the attached affidavits of Messrs. Wright, Braudis, Linn, England and Keenan in opposition to defendant's motion to transfer this action to the United States District Court for the Southern District of Texas. It will appear from these affidavits that this action is nationwide in scope; that both parties are

resident in New York; that plaintiff's witnesses and records required to prove its trademark and trade name rights are generally located in New York; that some of the witnesses who will testify as to defendant's acts are available in New York City or the New York Metropolitan Area; that other witnesses will be drawn from locations in various states; and that defendant has made no showing which would disturb plaintiff's logical choice of forum in this Court.

3. This is an action for infringement of plaintiff's trademark, nationally used and recognized and long registered in the United States Patent and Trademark Office; for violation of 15 U.S.C. §1125(a), which prohibits use of false designations of origin and false representations in connection with goods introduced into interstate commerce; for unfair competition under the common law of the state of New York and other states; and for violation of the New York State anti-dilution statute, Section 368-d of the General Business Law of New York.

4. Plaintiff Texaco Inc. is a Delaware corporation with its corporate headquarters at the Chrysler Building, 135 East 42nd Street, New York, New York.

5. Defendant Allied Chemical Corporation (hereinafter "Allied") is a New York corporation which maintains some executive offices and a substantial and highly visible

presence at the Allied Chemical Tower at Times Square in New York City and which until recently maintained its principal executive offices there, although it has now shifted its principal executive offices to Morristown, New Jersey. These offices, however, are still within the New York Metropolitan Area and well within range of the subpoena power and summons of this Court.

6. Plaintiff Texaco Inc. is one of the largest integrated producers of petroleum products in the world. Texaco Inc. advertises and sells its petroleum products throughout the United States and abroad under the name and trademark TEXACO. It currently markets in all 50 states of the United States gasoline, motor oil, liquid petroleum gas and other petroleum products under the TEXACO trademark. The liquid petroleum gas is marketed through jobbers and distributors. The gasoline and motor oil is marketed directly and through wholesalers and distributors, and at retail through between 30,000 and 40,000 independent service stations located in all 50 states.

7. Defendant Allied is likewise a large corporation with a diversified business and it is engaged, on a small scale through one of its divisions, in the production, advertising, marketing and sale, as is plaintiff, of liquid petroleum gas, gasoline and motor oil.

AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

Defendant markets these products under the designation TEXGAS, which is an abbreviation, contraction, or telescoping of "TEXACO gasoline" or of "TEXACO gas."

8. Allied presently sells its liquid petroleum gas under the abbreviation TEXGAS, through jobbers and through its wholly owned subsidiary Texgas Corporation, throughout a geographic area described by one of Allied's own executives as "...generally east of the Rockies. Maybe most states east of the Rockies." (Love, Dep. at 18-19). A list of outlets of Texgas Corporation is attached hereto and marked as Exhibit A to this Affidavit. It reveals TEXGAS liquid petroleum gas outlets in such disparate locations as Minneapolis, Minnesota; Presque Isle, Maine; and Florida, as well as outlets in New York State including the Southern District of New York. Conspicuously absent from this list of the retail outlets are any outlets in the state of Texas. This list was produced by Allied during preliminary discovery. In response to a question as to whether or not liquid petroleum gas is presently sold in Texas under the TEXGAS designation, the Allied executive, Mr. Love, who was produced by Allied as a witness knowledgeable concerning Allied's liquid petroleum gas operation, stated, "It has been. I am not sure if it is now or not." (Love, Dep. at 19). It appears that whatever

sales Allied may make of liquid petroleum gas in Texas are made through jobbers who apparently resell the product under their own brands or names.

9. Allied markets its gasoline and motor oil under the abbreviation TEXGAS both through jobbers and through its wholly owned subsidiaries. Retail sales are made by gasoline service stations of the jobbers or subsidiaries located in Arkansas, Florida, Mississippi, Missouri, Tennessee and Texas. Such stations often bear a TEXGAS station identification sign.

10. Allied concedes in its Memo of Law on this motion at pages 8, 9 and 10 that it has sold products under the TEXGAS designation in the states of Montana, Minnesota, Wisconsin, Illinois, Iowa, North Dakota, South Dakota, Kansas, Missouri, Arkansas, Texas, Louisiana, Mississippi, Alabama, Florida, Georgia, North Carolina, Tennessee, Kentucky, Pennsylvania, New Hampshire, Maine, Massachusetts and New York, including the Southern District of New York.

11. Allied's use of the designation TEXGAS came to the attention of plaintiff's management by reason of advertisements which Allied placed with Time, Inc., which is located here in New York, by which Allied advertised its liquid petroleum gas, gasoline and motor oil, bearing

or sold under the designation TEXGAS, in various issues of Life and Sports Illustrated. Said magazines carrying such advertisments were widely distributed throughout the eastern half of the United States including the Southern District of New York.

12. This action therefore concerns a controversy between two corporations who are both, for jurisdictional purposes, resident in the State of New York and who maintain their respective headquarters in the New York Metropolitan Area. It concerns the use and advertising by plaintiff since shortly after the turn of the century of the trademark TEXACO in connection with petroleum products and concerns the spread of sales under the trademark TEXACO and the recognition of said trademark by the public throughout each of the 50 states of the United States since long prior to the adoption or use by defendant or its predecessors of the abbreviation TEXGAS. It concerns the subsequent adoption and use by predecessors of Allied of the abbreviation TEXGAS with full knowledge of plaintiff's rights. It concerns the acquisition by Allied, with knowledge of plaintiff's rights, of the business of those predecessors and Allied's continuance of and extension of the use of such abbreviation TEXGAS in connection with its own petroleum products,

AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

and it concerns the spread of the use of said abbreviation throughout many states east of the Rockies.

13. Defendant claims use of the abbreviation TEXGAS by its predecessors and itself over a period of years. Consequently, plaintiff will offer proof as to the history of the use, advertising and recognition of the TEXACO mark since long prior to use by defendant and its predecessors of the abbreviation TEXGAS in each of the 50 states, and proof that, at the time any predecessors of defendant sought to use the abbreviation TEXGAS, the TEXACO mark was then and had long been one of the best known and most valuable trademarks in the United States, and proof that defendant's predecessors were then well aware of the prominence and value of the TEXACO mark. Plaintiff will prove that defendant Allied at the time it acquired the business of its predecessors was well aware of the significance and value of the trademark and trade name TEXACO and that defendant acquired that business with the intention of continuing the use of said abbreviation TEXGAS and thus of profiting from the association and confusion of that term with the trademark TEXACO.

14. The plaintiff expects to prove its rights to its name and mark through witnesses and records located in New York City. Texaco's business operations are highly

centralized. All policy decisions are made in New York. All supervision and direction of sales of all products are carried out in New York and all records of this are located or available in New York. The historian and archives of the corporation, necessary to plaintiff's case, are located in New York. All advertising is prepared, approved and placed in New York except for minor local advertising, and even that is subject to supervision and approval in New York. The advertising records are maintained from the year 1912 forward in books at the New York office, many of which are too fragile to move any distance. Advertising expense records are maintained in New York. Plaintiff's advertising agencies and their records of plaintiff's advertising are located in New York. The constant conduct of surveys and preparation of studies of the effectiveness and recognition of the TEXACO mark are carried out by New York personnel and the records thereof are located in New York. In short, all marketing records and plaintiff's witnesses in general concerning the marketing of its products are located in New York.

15. At this early stage in this case -- with issue not yet joined -- we cannot yet anticipate all witnesses who will be required. We expect, however, to

prove the allegations of paragraphs 4 through 14 of the Complaint, as indicated by the foregoing statements, by witnesses drawn from plaintiff's corporate headquarters in New York City and in some instances by witnesses formerly employed there but now retired. We expect that a large part of those allegations will be supported and proved by records located and available at plaintiff's New York corporate headquarters or at the offices of advertising and marketing research firms located in New York. Plaintiff also expects to call witnesses to support these allegations who are not employees or parties to this litigation but are located in New York. In sum, therefore, plaintiff's witnesses and evidence concerning its trademark and trade name rights currently and in the past are located and available in New York and not in any other location.

16. Among the employees of plaintiff located in New York City or the immediate metropolitan area who are appropriate witnesses to support plaintiff's aforesaid allegations or its trademark and trade name rights are as follows:

a. Howard I. Wright, Assistant General Manager-Resale Sales-United States, whose affidavit is submitted hereiwth, is located at corporate headquarters in New York and can testify that his responsibilities relate to

the marketing of all products which the plaintiff sells to others for resale by them, which constitutes approximately 90% of plaintiff's sales in the United States. Such sales include gasoline, motor oil and other TEXACO products. Not only is Mr. Wright located in New York but his predecessors in his position are also located here except for those who have retired. Mr. Wright and, perhaps, others in his office can testify as to all sales and sales policies and as to the marketing organization of Texaco both generally and in detail. He is able to produce national sales figures in support of his testimony right down to the district level, for all national sales records are available in New York. He can also testify that all sales policies are created in New York and that all sales are supervised throughout the country from his office. (See Wright affidavit).

b. Joel Tharp, TBA Sales Manager, whose duties are described in the Wright affidavit, is also located at corporate headquarters in New York City and can testify concerning the marketing and sales of TEXACO tires, batteries and accessories and of its Quality Line items all marketed under the TEXACO mark or under other marks of Texaco Inc. (including various TEX prefix marks).

AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

Mr Tharp has available in New York records of all such TBA sales which he can produce in support of his testimony. (See Wright Aff.).

c. Robert M. Dowling, Assistant Manager, Retail Sales, Sales-United States, referred to in the Wright affidavit, can testify as to Texaco's national sales policies and as to the types of TEXACO identification signs used at gasoline service stations. Mr. Dowling helps write all such policies and oversees their implementation during the course of his extensive travels. Thus, he is familiar with TEXACO retail sales right at the grass roots level. (See Wright Aff.).

d. Ellis W. Gunnels, Assistant General Manager -Operations, is located at the corporate headquarters in New York City. Mr. Gunnels is the former Regional Manager for Texaco's Houston region and can testify among other things as to Texaco's operations in the Houston region with which he has been fully acquainted by reason of his poistion there prior to his recent elevation to his present position. (See Wright Aff.) It should be noted that Mr. Gunnels is incorrectly listed in the motion papers (Lynch Aff., p. 3) as a potential witness in the Houston area.

e. Robert Braudis, Assistant General Manager, Consumer Sales-United States, whose affidavit is submitted herewith, is located at Texaco's Long Island City office in

New York City and is responsible for all sales by Texaco of liquid petroleum gas and can therefore testify as to the history and use of the TEXACO mark in advertising, promotion and sales in that connection. (See Braudis Aff.).

f. William V. Linn, Manager, Advertising and Sales Promotion, Sales-United States, whose affidavit is submitted herewith, is located at the corporate headquarters of plaintiff in New York, as is his predecessor John Childs, and he and Mr. Childs can testify as to the extensive, widespread and most favorable consumer recognition and reliance upon the name and mark TEXACO. Mr. Linn will supply pertinent information concerning Texaco's national advertising and promotional efforts during the relevant years. (See Linn Aff.).

g. Charles Hanson, Advertising Production, referred to in the Linn affidavit, is a long term employee who has worked for Texaco for 44 years in advertising and he can testify from his personal knowledge as to advertising of the TEXACO name and mark throughout the United States during those years. (See Linn Aff.).

h. W.H. England, Manager, Marketing Research, Sales-United States, whose affidavit is submitted herewith, is located at corporate headquarters in New York City and can testify as to data collected by Texaco concerning the

effectiveness of Texaco's advertising and consumer recognition of the TEXACO name and trademark. He can also testify concerning his use of various consulting and marketing firms in New York City. Testimony from members of those firms may be relevant. (See England Aff.)

i. Kenneth McCullum is the Texaco historian who will testify as to the history and widespread use of the trade name and mark TEXACO and can produce various records in support of that testimony from the Texaco archives which are kept in New York City.

17. Plaintiff, depending upon defendant's answer and other developments in the case, may find it necessary to call upon various other witnesses from the sales, advertising and marketing departments of Texaco Inc. located at Texaco's headquarters in New York City. These potential witnesses all work in the departments of Messrs. Wright, Braudis, Linn, and England and the names and the expected testimony of many of them are recited in the attached affidavits of the above-named gentlemen.

18. The affidavit of Michael Keenan, an account executive at the advertising agency of Benton & Bowles who is concerned with the Texaco advertising account, is submitted herewith. It appears that this agency has been for many years responsible for the advertising of the Texaco name and trademark, that Mr. Keenan is located in New York, that the records

of the agency are in New York and persons at the agency will be available as witnesses, including Marcus Becker, the account supervisor and the three account executives, Mr. Keenan, Mr. Jennings and Ms. Dudzinski, all of whom are concerned with TEXACO advertising. They are all located in New York City and all are potential witnesses as are various other persons at the agency. Furthermore, since the advertising records of Benton & Bowles are maintained in New York, testimony concerning these records can only be given conveniently in New York.

19. There are various others who may be called as non-party witnesses who are located in New York. These potential witnesses come from the offices of the various consulting and marketing firms utilized by the plaintiff, as identified in the England affidavit, and have knowledge of the various surveys and studies concerning the strength and recognition of the TEXACO trademark. There will also be other non-party witnesses as well as party witnesses who can testify as to confusion or likelihood of confusion between the designations TEXACO and TEXGAS when used on products of like kind which are sold in competition with one another. Aside from expert witnesses located in New York, other confusion witnesses may include persons located at the various marketing data firms and consulting firms mentioned above.

AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

20. The foregoing indicates the witnesses and records required to prove the plaintiff's trademark rights and the great strength and recognition of the TEXACO name and mark as of times long prior to any use by defendant of the designation TEXGAS. The defendant will not deny that it has been using the designation TEXGAS for it admits this in its motion papers. Consequently, any further testimony would relate to the geographic area and manner of defendant's use of the designation TEXGAS and the likelihood of confusion and the actual confusion with the TEXACO name and mark arising therefrom.

21. One of the primary witnesses, if not the primary witness of the defendant as to its use of the designation TEXGAS will be Harold G. Teverbaugh, Vice President of defendant Allied, who is also the President of Allied's Union Texas Division and who was over many years employed by defendant's predecessor companies which became its Union Texas Division. It appears from copies of the franchise tax reports filed by Allied's subsidiaries, Texgas Corporation and Texgas Service Stations, Inc. in Delaware on March 1, 1974 (attached as Exhibits B and C to this affidavit) that Harold G. Teverbaugh is a director of each. Furthermore, Mr. Teverbaugh, according to testimony, is primarily located in the New York Metropolitan Area and

perhaps New York City itself and is certainly available for trial here, although he also assertedly maintains a Houston office. He has been president of Allied's Union Texas Division since 1968 and an officer of Allied's predecessors for many years.

22. Another witness required of defendant will be Robert A. Harmon, Assistant Secretary of Allied, who has signed trademark documents and has apparently been responsible for trademark matters and has charge of trademark records. His testimony will be required in that connection and perhaps concerning the claim for cancellation of defendant's trademark registration. Upon information and belief, Mr. Harmon is located at Morristown, New Jersey.

23. As discovery progresses, we expect to identify other witnesses required from defendant's offices in New York City or Morristown, New Jersey. Mr. Brian D. Forrow, Vice-President and General Counsel of Allied, and other Allied officers and personnel may be required to produce records and to testify as witnesses concerning Allied's acquisition of its predecessors who are claimed to have used the designation TEXGAS. Also, it seems probable that other of Allied's personnel here, and records, especially trademark records, will be required on other issues.

AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

24. Defendant has indicated its subsidiaries Texgas Corporation and Texgas Service Stations Inc. as being repositories of information required. If so, plaintiff should be able to compel witnesses from the subsidiaries to appear here but, if not, it must be satisfied with deposition testimony. These subsidiaries seem marginal as Texgas Corporation is merely a "nameholder" corporation (See Exhibit B hereto wherein its business activity is listed as "Nameholding") and Texgas Service Stations, Inc. may likewise be merely a nominal corporation as it is not even named in the listing of subsidiaries in Allied's 10-K Report filed with the SEC on March 31, 1975. (See Exhibits C and D attached hereto). The TEXGAS operations appear to be Allied's own operations which perhaps are in small part, conducted for convenience or tax reasons through these nominal subsidiary corporations.

25. In addition to the foregoing, plaintiff will call confusion witnesses. These witnesses, as is apparent from movant's papers, may be located anywhere east of the Rocky Mountains. Plaintiff's investigation in this regard is continuing but areas in which potential confusion witnesses already have been identified include:

AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

a) Fort Fairfield, Maine

Gerald Shea, President of the Shea Company, a consignee of TEXACO products in the Presque Isle vicinity near the Canadian border, has knowledge of telephone inquiries received by his office concerning TEXGAS products. His secretary, Mary Lou Doughty, personally received these calls, and, furthermore, when Texgas Corporation ran a help-wanted ad in the local paper, received calls from applicants because of Shea's telephone listing under TEXACO.

b) Binghampton, New York

A. John Tanaka, Superintendent of the Texaco terminal has knowledge of mail addressed to TEXGAS being received by Texaco.

c) Albany, New York

Aurele J. Charbonneau, senior clerk at the Texaco terminal in Albany, has knowledge of mail addressed to TEXGAS being received by Texaco.

d) Memphis, Tennessee

Several witnesses in Memphis have knowledge of telephone calls to Texaco offices seeking to order TEXGAS LPG or complaining about non-delivery, and also of checks in payment of Texaco bills being sent to the TEXGAS sales office.

AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

e) Arkansas, Mississippi, Missouri and Tennessee

Several witnesses, both party and non-party have knolwedge of confusion of TEXGAS with TEXACO at service stations.

26. The precise confusion witnesses plaintiff will call to show the assumption by the public that the TEXGAS operations are a part of the Texaco business have not yet been determined and are subject to the continuing investigation. The foregoing is indicative, however, of the widespread locations from which such witnesses will be drawn. Given the ease of air travel to New York, it is inevitable that those who will voluntarily appear at trial would find travel to and attendance at trial in New York City more convenient -- and more persuasive for voluntary appearance -- than Houston. Non-voluntary witnesses must necessarily be presented by deposition.

27. In sum, therefore, witnesses and records will be generally available in New York and not Houston. It would be a tremendous burden upon plaintiff and the witnesses it expects to call to gather their records together and travel to Houston half a continent away for an extended trial. The witnesses indicated by plaintiff as being in Houston seem often irrelevant and, where they are not, they are employees or former employees of

AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

Allied with limited and incidental knowledge whose testimony would seemingly be brief and of limited significance. Certainly, movant has failed to demonstrate the materiality of their expected testimony in its papers.

Wherefore, plaintiff prays that the motion for transfer be denied.

MERCER L. STOCKELL

Sworn to before me this
11th day of July, 1975.

Notary Public

ANNETTE M. BONFIGLIO
NOTARY PUBLIC, State of New York
No. 03-4603697
Qualified in Bronx County
Certificate filed in New York County
Commission Expires March 30, 1976

AFFIDAVIT OF HOWARD I. WRIGHT IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,	:	
Plaintiff,	:	75 Civ. 327 (LWP)
-against-	:	AFFIDAVIT OF HOWARD I. WRIGHT ON MOTION TO TRANSFER
ALLIED CHEMICAL CORPORATION,	:	
Defendant.	:	

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

HOWARD I. WRIGHT, being duly sworn, deposes and says:

1. I am Assistant General Manager, Resale, Sales --United States, for Texaco Inc. I make this affidavit in connection with defendant's motion to transfer this case to the federal court in Houston, Texas.

2. My responsibilities in my present position include general supervision of the overall sales policies and marketing nationally of all products sold by Texaco Inc. for resale and not direct consumption. About 90% of all sales of finished motor gasoline fall within this category. As a rule of thumb, wherever there is a Texaco sign, my office has the responsibility for sales there.

AFFIDAVIT OF HOWARD I. WRIGHT IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

3. I have been in my present position for two years, the last six months of such period under my present title. I have been employed by Texaco Inc. for 20 years, having previously held various sales positions in, among other places, St. Louis, Chicago, Buffalo, Charlotte and Richmond.

4. My offices are maintained at corporate headquarters in the Chrysler Building in New York City. My predecessors in my present position, formerly entitled Manager-Retail Sales, are Messrs. D. A. Doherty and R. J. Fisher who also presently maintain their offices at the same location.

5. Texaco's sales organization is highly centralized. All sales policy for resale sales is written and approved by and all such sales are supervised from this office. All cumulative, national records of sales are available in New York, and we have the ability to break out national sales figures right down to the District level here. Even sites for Texaco stations are approved in New York. And it is, I think, fair to say that New York provides the only vantage point from which to assess the total picture of Texaco's overall national sales operation and that potential witnesses having knowledge of sales on a national scope are located in New York.

6. My duties bring me in frequent touch with Texaco's advertising staff. My office decides what and how much advertising support Texaco products will need. We also

participate in the evaluation and eventual approval of the advertising which William V. Linn and his staff in New York City develop in response to our requests for advertising support.

7. There are various other executives in my office whose job responsibilities and work history with Texaco make them potential witnesses in this suit. Among these, by way of illustration, are:

(a) Joel Tharp
Assistant Manager
TBA Sales

Mr. Tharp's responsibilities include purchasing and marketing all of Texaco's TBA (tires, batteries and accessories), Quality Line Products and Lawn Food Products. Mr. Tharp is fully acquainted with Texaco's sale of TBA and Quality Line items nationwide and can attest that all TBA and Quality Line national sales records are here in New York.

(b) Robert M. Dowling
Assistant Manager
Retail Sales

Mr. Dowling started with Texaco in 1956 and prior to assuming his present post had served in such capacities as sales representative and District Sales Manager

of the Albany District. His present job responsibilities encompass general retailing assignments associated with petroleum marketing. More particularly, he is involved in the general administration of all retail sales matters. Mr. Dowling travels extensively in his current position (70,000-90,000 miles a year) so he is well attuned to Texaco's marketing practices at the grass roots level.

(c) Ellis W. Gunnels
Assistant General Manager - Operations

Mr. Gunnels, formerly Regional Manager for Texaco's Houston Region, assumed his present position last month and is now located at Texaco's corporate headquarters. Mr. Gunnels is, of course, well acquainted with Texaco's operations in Houston and the surrounding area. Insofar as testimony concerning Texaco's operations in that area is relevant, Mr. Gunnels is uniquely suited by virtue of his past post to testify on this matter.

8. All witnesses concerning the national marketing of Texaco's products must necessarily be located in the New York Office. Sales personnel in other locations

AFFIDAVIT OF HOWARD I. WRIGHT IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

have limited responsibilities and a limited geographic territory. It would be extremely burdensome to transport a large portion of Texaco's national marketing executives and its personnel concerned with sales, advertising and promotion all the way to Houston, together with all records concerned, for a trial. Texaco's business amounting to billions of dollars annually would be adversely affected to an extreme degree by any such necessity.

Howard I. Wright
HOWARD I. WRIGHT

Sworn to before me this
7th day of July, 1975.
Raymond G. Watson
Notary Public

RAYMOND G. WATSON
Notary Public, State of New York
No. 60-4171310
Qualified in Westchester County
Certificate Filed in New York County
Term Expires March 30, 1977

AFFIDAVIT OF ROBERT BRAUDIS IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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TEXACO INC., :
75 Civ. 327 (LWP)
Plaintiff, :

-against- : AFFIDAVIT OF ROBERT BRAUDIS ON MOTION TO
ALLIED CHEMICAL CORPORATION, : TRANSFER

Defendant. :

----------x

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

ROBERT BRAUDIS, being duly sworn, deposes and says:

1. I am Assistant General Manager, Consumer Sales-United States, for Texaco Inc., and maintain my offices at the Paragon Building in Long Island City, New York, which is a part of New York City. I have been with Texaco, Inc. for approximately 29 years, having previously served in such jobs as Manager, Consumer Sales; Manager, National Sales; and Assistant Division Manager, Industrial Sales, in Buffalo, New York. I make this affidavit in connection with the motion to transfer this action to Houston, Texas.

2. As part of my current duties, I am in charge of Texaco's sales of liquified petroleum gas ("LPG")

throughout the United States. Texaco sells LPG on a nationwide basis, with 9 sales representatives who are located in various states and who sell Texaco LPG throughout the United States. In addition, we have LPG supply points across the country including, for example, refineries and gasoline plants in western, northwestern and midwestern states as well as in the southwest and northeast, and including various pipeline terminals in the northeast, midwest and southeast.

3. Policy decisions on the marketing of LPG are made in New York. Although Mr. J. A. Thelen, mentioned by defendant in its papers, is Manager, LPG Sales with Texaco Inc. in Houston, he reports to me and I am responsible for the formulation and implementation of Texaco policy relating to LPG sales. I perform these duties out of my Long Island City office. My immediate superior is D. A. Doherty, General Manager, Sales-United States. He is based at Texaco's principal executive offices in New York City.

4. We maintain in New York records relating to the finances, sales, personnel, etc. for Texaco's LPG efforts dating back to the original formation of the LPG division in the 1950s. All advertising and promotion relative to LPG sales has been prepared in New York and those records are maintained in the advertising department in New York City.

AFFIDAVIT OF ROBERT BRAUDIS IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

In addition, LPG advertising and promotion has been handled by Creamer, Colarossi, Inc., an advertising agency which is also located in New York.

Robert Braudis
ROBERT BRAUDIS

Sworn to before me this
10th day of July, 1975.

Evelyn R. Fischer
Notary Public

EVELYN R. FISCHER
NOTARY PUBLIC State of New York
No. 30-6304290
Qualified in Nassau County
Cert. Filed in Queens County
Commission Expires March 30, 1976

AFFIDAVIT OF WILLIAM V. LINN IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC., Plaintiff, -against- ALLIED CHEMICAL CORPORATION, Defendant.	75 Civ. 327 (LWP) AFFIDAVIT OF WILLIAM V. LINN ON MOTION TO TRANSFER

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

WILLIAM V. LINN, being duly sworn, deposes and says:

1. I am Manager, Advertising and Sales Promotion, Sales -- United States, for Texaco Inc. I maintain my offices at Texaco's corporate headquarters which are in the Chrysler Building at 135 East 42nd Street, New York, New York 10017. I joined Texaco in 1967 and have been involved with advertising throughout my tenure with the company. I make this affidavit in connection with the motion to transfer this action to Houston.

2. My current job responsibilities and my past work experience qualify me to testify to the nature and extent of Texaco's national advertising.

AFFIDAVIT OF WILLIAM V. LINN IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

3. All national advertising and all promotions originate with my office and are approved here at Texaco's national headquarters in New York. Furthermore, any advertising done regionwide is assisted by New York, and all placements of advertising amounting to more than ten or fifteen thousand dollars are made through New York. Indeed, though the regions are allocated advertising budgets, individual expenditures are cleared through New York on forms expressly supplied for that purpose.

4. At present two outside advertising agencies assist Texaco Inc. in formulating and developing its advertising. Benton & Bowles, Inc., 909 Third Avenue, New York, New York, attends to all Texaco's advertising other than industrial trade advertising. The latter technical advertising, which would include LPG advertising, is also handled in New York by Creamer, Colarossi,Inc., 1301 Avenue of the Americas, New York, New York. Cunningham & Walsh, Inc., 260 Madison Avenue, New York, New York, had the TEXACO account before Benton & Bowles took it over in 1961, so that agency may be familiar with the details of pre-1961 Texaco's advertising.

5. Marcus Becker is the TEXACO Account Supervisor at Benton & Bowles so he would be the person to speak to

there concerning Texaco's national advertising. His counterpart at Creamer, Colarossi is Mr. Arnold Kaczales, who would have knowledge concerning Texaco's LPG advertising.

6. As is apparent from the foregoing, Texaco's advertising organization is tightly structured with its nerve center in New York City. All our national advertising records, including cost records and tear sheets of advertisements dating back to 1912, which are too fragile to move to Houston, are stored in New York.

7. My immediate superior, who formerly occupied my post, is John Childs, presently General Manager of Worldwide Advertising for Texaco. Mr. Childs maintains his office in New York and is, of course, quite familiar with the present and past history of Texaco's advertising.

8. Another potential witness located in my office is Charles A. Hanson. Mr. Hanson has been employed by Texaco for 44 years, all of it in advertising. Mr. Hanson, a production man, has excellent recall and can identify old advertisements, mats, etc. and testify as to the history of advertising programs and policy.

9. Kenneth McCullum, the Texaco historian, is also located in Texaco's headquarters in New York where the Texaco archives are maintained. He is familiar with the background and development of Texaco Inc. since it was first organized as The Texas Company in 1902.

AFFIDAVIT OF WILLIAM V. LINN IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

10. I personally was unaware of any usage of the TEXGAS mark until I noticed Allied's advertisement for TEXGAS products, including LPG, gasoline and motor oil in Life Magazine here in New York. It was I who brought this to the attention of the Texaco Inc. management.

11. Thus all persons with broad familiarity with the advertising and promotion, both past and present, of Texaco products are located in New York, except possibly, of course, those who are now retired. It would be extremely burdensome to try to produce these persons and all records required at a trial in Houston.

William V. Linn
WILLIAM V. LINN

Sworn to before me this
7th day of July, 1975.

Martha T. Herrmann
Notary Public

MARTHA T. HERRMANN
Notary Public, State of New York
No. 03-8161150 - Bronx County
Certificate filed in New York County
Commission Expires March 30, 1976

AFFIDAVIT OF W. L. ENGLAND IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,	:	
Plaintiff,	:	75 Civ. 327 (LWP)
-against-	:	AFFIDAVIT OF W. L. ENGLAND ON MOTION TO TRANSFER
ALLIED CHEMICAL CORPORATION,	:	
Defendant.	:	

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

W. L. ENGLAND, being duly sworn, deposes and says:

1. I am the Manager, Marketing Research, Sales -- United States, for Texaco Inc., a position I have held for the last four years. I have been employed by Texaco Inc. for approximately 26 years, having previously served as Assistant Manager for Consumer Sales; Staff Assistant to the New York General Manager; Assistant Division Manager in Minneapolis for Consumer Sales; and District Manager in Utah. I make this affidavit in connection with defendant's motion to transfer this action to Houston, Texas.

2. The Marketing Research Department of Texaco, which is my responsibility, is located at company headquarters at the Chrysler Building, 135 East 42nd Street, New York, New York and I maintain my office there. All of

its records and personnel are at that location. The Department's function is regularly to monitor and evaluate sales and market data affecting TEXACO branded products and services and to respond to specific requests from sales, advertising and other personnel relative to projects or or problems they may encounter in the course of their duties. Since we do not have the facilities internally for nationwide testing, we regularly call upon independent market research organizations for specific projects.

3. My principal assistant is T. J. Hattrick, Assistant Manager, Marketing Research. He is, of course, based at 135 East 42nd Street, New York City. He has been with Texaco Inc. since about 1946 during which time he has served as Retail Supervisor, Denver Region; Assistant Division Manager, Sales, in Minneapolis; and District Sales Manager, Buffalo. I report to the Assistant General Manager, Planning, Sales U.S., Mr. Thomas B. Meadows. His office is also at 135 East 42nd Street, New York City.

4. Texaco sells its branded TEXACO and related Tex-prefix products throughout the fifty states. However, the management of the company is highly centralized at the New York office. All policies are formulated in New York and the Marketing Research Department is often called upon for assistance in the creation of policy and in the evaluation of policies and procedures after they have been put

into effect. In the course of my duties, I deal regularly with W. V. Linn, Manager, Advertising and Sales Promotion, and through him work in conjunction with our outside advertising agencies, which are also New York based.

5. One of the functions of our Marketing Research Department is to evaluate the performance of TEXACO advertising and promotional campaigns. In this connection, we employ the services of Marketing and Research Counselors, Inc., 575 Lexington Avenue, New York, New York 10022, to conduct nationwide surveys for Texaco Inc. on a regular basis. My direct contact at that organization is a Mr. Timothy Prior. Among the issues regularly surveyed for Texaco Inc. is the public's awareness of the TEXACO brand.

6. As stated, from time to time, we respond to specific requests from management personnel. One such request in 1971 was to evaluate the effectiveness and consumer awareness of the TEXACO signs which are employed at the over 30,000 TEXACO stations nationwide. On that particular project, we employed the services of Oxtoby-Smith Inc., a market research firm in New York City now located at 150 East 58th Street, New York City.

7. In addition, we subscribe to the data services of Lundberg Surveys, Inc., a firm based in North Hollywood, California. Using public tax-paid motor fuels data in each of the states, Lundberg is able to compute and

disseminate on a monthly basis, by state, the market shares of the various brands. These surveys include not only Texaco and the other major brands, but the sales of "Union Texas", perhaps under the TEXGAS designation.

8. From these and other sources, the Marketing Research Department stays on top of the nationwide performance under the TEXACO brand. This department operates out of New York and its records and personnel are in New York as are most of our outside consultants. There are no department personnel or records in the Houston area, nor am I aware of any outside consultants who might be called upon to testify who are located there.

9. It would be burdensome and perhaps impossible to produce all witnesses from my office and from our advertising agencies and marketing research firms at a trial in Houston, Texas.

W. L. England
W. L. ENGLAND

Sworn to before me this
day of July, 1975.

Notary Public
JOAN P. SWEENY
Notary Public, State of New York
No. 41-3914700
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1977

AFFIDAVIT OF MICHAEL KEENAN IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,	:	
Plaintiff,	:	75 Civ. 327 (LWP)
-against-	:	AFFIDAVIT OF MICHAEL KEENAN IN OPPOSITION
ALLIED CHEMICAL CORPORATION,	:	TO MOTION TO TRANSFER
Defendant.	:	

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

MICHAEL KEENAN, being duly sworn, deposes and says:

1. I am an Account Executive for Benton & Bowles, Inc., an advertising agency located at 909 Third Avenue, New York, New York where I have my office. I am one of three such Account Executives for the Texaco Inc. account and I make this affidavit with respect to the motion to transfer this action to Houston, Texas.

2. Benton & Bowles has been the advertising agency for Texaco since mid-1961. We handle all advertising for Texaco except farm, industrial, aviation and LPG advertising. During the regular course of my business, I deal with John Childs, Bill Linn, and Wally England at Texaco's New York office. I have been on the Texaco account since May 1972. I report to Marcus Becker, Vice President, Account Supervisor who has been on the Texaco account since June 1969. Mr. Becker reports to Joseph Hannan, Senior Vice President, Management Supervisor, at Benton &

Bowles who is ultimately responsible for the Texaco account and who has been involved on the account since 1961. The reason I am making this affidavit is that Mr. Becker is presently on vacation and Mr. Hannan is on the West Coast on Texaco business.

3. Benton & Bowles develops, places and oversees all T.V., radio, magazine, newspaper and major outdoor advertising for Texaco. Since Texaco advertising placed through Benton & Bowles exceeds $10 million per year, we have an extensive staff in New York working on the account. As stated, there are three account executives who report to Mr. Becker; myself, Richard Jennings, and Diane Dudzinki. Each of us has specific areas of responsibility such as motorist and retail sales, "corporate" advertising and public relations work and special assignments.

4. Also on the Texaco account, are Ron Frankel, Associate Creative Director, who is in charge of the creation of the advertising materials; Frank Henderson, Associate Media Director, who creates, documents and presents media plans and then places the materials in national and local media when they are approved; and Jerome Harwood, Associate Research Director, who is in charge of copy research.

5. It should be stressed that control over the advertising and promotional efforts of Texaco is based in New York. Even where the Texaco regional offices get involved in promotional activities at the local level, all copy is written at Benton & Bowles in New York and media purchases are made by Benton & Bowles in New York. Marketing and media objectives, plans and strategy are formulated

here in conjunction with Texaco's New York management and care is taken to see that all advertising and promotional activities, wherever placed throughout the nation, conform to and are consistent with such policies.

6. Benton & Bowles maintains records of its activities on behalf of Texaco at our office here in New York. We have photoboards or T.V. commercials, radio scripts, magazine and newspaper proofs, photos of outdoor layouts, etc. going back to at least 1967. Our records also show the placement and cost of the various media efforts so that we can determine for example, what programs were sponsored by Texaco; where and when national and local T.V. spots were run; where and when print advertising appeared; and the amount of the costs involved.

7. If any testimony is required from me or any personnel of Benton & Bowles, such testimony can only be given conveniently in New York where the personnel and records are located.

Michael Keenan

Sworn to before me this
1st day of June, 1975.

Grace Wasserg
Notary Public

GRACE WESSING
Notary Public, State of New York
No. 03-[illegible]
Qualified in Westchester County
Commission Expires [illegible], 1977

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

TEXACO INC.,

Plaintiff, : 75 Civ. 327 (LWP)

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

----------X

PLAINTIFF'S MEMORANDUM IN OPPOSITION
TO MOTION TO DISMISS FOR FAILURE TO
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PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION

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PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

TEXACO INC.,

Plaintiff, : 75 Civ. 327 (LWP)

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

----------X

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION

Plaintiff submi s this memorandum in opposition to the motion of defendant to dismiss this action pursuant to Rule 19, Fed.R.Civ.P., for failure to join defendant's wholly-owned subsidiary, Texgas Service Stations, Inc. ("TSSI"), allegedly an indispensable party to this controversy. The motion is frivolous both in fact and at law and it should be denied.

STATEMENT OF THE CASE

Plaintiff Texaco Inc., proprietor of the renowned and federally registered trademark TEXACO for gasoline, liquefied petroleum gas ("LPG") and related products, has brought this action for trademark infringement, unfair competition, and

related violations against Allied Chemical Corporation ("Allied) by reason of the ownership and use by Allied of the designation TEXGAS for gasoline, LPG and related products. Allied is the proprietor of three registrations of the marks TEXGAS and/or TEX-GAS in the United States Patent Office and plaintiff seeks to have these registrations ordered cancelled by the Court pursuant to Section 37 of the United States Trademark Act of 1946, 15 U.S.C. §1119.

Shortly after commencement of the action, plaintiff served Allied with a Notice to Take Depositions and simultaneously served Allied with a subpoena duces tecum returnable at said depositions. In partial response thereto, Allied produced for deposition:

> Eugene C. Stout, its manager of retail gasoline sales.
>
> Philip M. Cordell, Jr., its general manager of supply in charge of gasoline and related products.
>
> Don L. Ragland, its manager of gasoline sales.
>
> Joseph W. Love, its manager of marketing services covering LPG sales.

Allied also produced a number of documents relating to its sales and distribution of gasoline, LPG and related products under the mark TEXGAS.

Allied has not yet answered the Complaint. Instead, it has moved, inter alia, to dismiss for failure to join TSSI,

an alleged indispensable party.*

STATEMENT OF FACTS

The production of personnel and documents by Allied establishes Allied's control over the manufacture, distribution and sale of gasoline and related products under the mark TEXGAS including such activities on the part of its wholly-owned subsidiary, TSSI. As Allied's and TSSI's employee, E. C. Stout, testified:

> "Q. Mr. Stout, what are your duties at Allied Chemical as manager of retail gas sales?
>
> "A. I wear, basically, two hats. I am manager of retail gasoline sales as far as my hat with Allied Chemical is concerned as manager of retail sales. I simultaneously carry a title of vice president of Texgas Service Stations, Inc. My prime responsibility is the direct operation of our retail service stations." (Stout Dep., p. 4).

Mr. Stout further testified that Allied, not TSSI, manufactures, stores and distributes motor gasoline:

> "Q. Mr. Stout, where do the service stations operated by Texgas Service Stations, Inc. obtain their gasoline?
>
> "A. From Allied Chemical Corporation."
>
> "Q. Delivered by Allied Trucks?
>
> "A. Correct." (Stout Dep., p. 27-28).

* * * *

---

*Allied concedes that its other wholly-owned subsidiary, Texgas Corporation, is licensed to do business in New York and is subject to jurisdiction here. (Def. Br., p. 8). Thus, the motion and this brief are directed only to the status of TSSI.

> "Q. Does Texgas Service Stations, Inc., store its own gasoline aside from at the station site?
>
> "A. No, sir. Allied does but not Texgas Service Stations." (Stout Dep., p. 6).

Further, it appears that TSSI operated only 84 of the over 200 service stations utilizing the TEXGAS mark. (Stout Dep., p. 8). The rest are supervised by Allied. (Stout Dep., p. 31). And, even at those TSSI stations, all advertising and promotional materials, etc. are supplied by Allied (Stout Dep., pp. 19-21). Stout testified he reports to A.E. Van Dyke, General Manager, Retail Marketing at Allied, who also has responsibility for overseeing the operations of the non-TSSI service stations. (Stout Dep., p. 31).

Finally, Stout further stated that the president of Allied's Union Texas Petroleum Division, Harold G. Teverbaugh, "maintains two offices, one in Houston and one in New York. The main office is in New York." (Stout Dep., p. 41). According to records in the office of the Department of State in Delaware, Mr. Teverbaugh is also a director of TSSI. Moreover, according to Allied's 1974 Annual Report, he is an officer of Allied, designated as a "Group Vice President."

ARGUMENT

TSSI IS NOT AN INDISPENSABLE PARTY TO THIS LITIGATION

Rule 19, Fed.R.Civ.P., provides, in relevant part:

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION

Rule 19.

JOINDER OF PERSONS NEEDED FOR JUST ADJUDICATION

(a) Persons to be Joined if Feasible. A person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party in the action if (1) in his absence complete relief cannot be accorded among those already parties, or (2) he claims an interest relating to the subject of the action and is so situated that the disposition of the action in his absence may (i) as a practical matter impair or impede his ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of his claimed interest. If he has not been so joined, the court shall order that he be made a party. If he should join as a plaintiff but refuses to do so, he may be made a defendant or, in a proper case, an involuntary plaintiff. If the joined party objects to venue and his joinder would render the venue of the action improper, he shall be dismissed from the action.

(b) Determination by Court Whenever Joinder not Feasible. If a person as described in subdivision (a) (1)-(2) hereof cannot be made a party, the court shall determine whether in equity and good conscience the action should proceed among the parties before it, or should be dismissed, the absent person being thus regarded as indispensable. The factors to be considered by the court include: first, to what extent judgment rendered in the person's absence might be prejudicial to him or those already parties; second, the extent to which, by protective provisions in the judgment, by the shaping of relief, or other measures, the prejudice can be lessened or avoided; third, whether a judgment rendered in the person's absence will be adequate; fourth, whether the plaintiff will have an adequate remedy if the action is dismissed for nonjoinder.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION

In order for a person to be regarded as indispensable pursuant to subdivision (b), he must first meet the tests of (1) or (2) of subdivision (a). Only if one of those tests is met will the court proceed to "determine whether in equity and good conscience the action should proceed among the parties before it, or should be dismissed", according to the factors set forth in subdivision (b).

We submit that TSSI does not qualify under subdivision (a) (1) or (2), and, even if it were deemed to qualify, it appears that TSSI can be joined as a party hereto. In any event, in its absence the action may "in equity and good conscience" proceed between the current parties.

We note at the outset that "'the philosophy of present Rule 19 is to avoid dismissal whenever possible ....'" Yonofsky v. Wernick, 362 F. Supp. 1005, 1023 (S.D.N.Y. 1973), quoting Heath v. Aspen Skiing Corp., 325 F. Supp. 223, 229 (D.Colo. 1971).

Defendant's motion is frivolous since it is well-established that a person in the position of TSSI is not an indispensable party to a trademark infringement suit. For example, a case directly in point, not cited by defendant, disposes of the contention that TSSI is an indispensable party to this action. In American Plan Corporation v. State Loan and Finance Corporation, 278 F. Supp. 846 (D.Del. 1968), plaintiff sued to enjoin defendant from using the name "American Plan" in the conduct of its business and in the corporate names of

its subsidiaries. Defendant moved to dismiss the action on the ground that its subsidiaries who were using "American Plan" in their names had not been named defendants.* The Court denied the motion, finding that neither of the tests of subdivision (a) (1) and (2) had been met. It stated:

> "That condition stated in clause (1) is irrelevant. Obviously complete relief can be accomplished between plaintiff and defendant without the joinder of the four Delaware subsidiaries. Nor are the provision of clause (2) apposite, even though the four subsidiaries noted, because of the involvement of their names, claim (through defendant) an interest relating to the subject matter of the action. None is so situated that the disposition of the action in its absence 'may (i) as a practical matter impair or impede [its] ability to protect that interest or (ii) leave any of the [corporations] already parties subject to a substantial risk of incurring double, multiple or otherwise inconsistent obligations by reason of [the subsidiary's] claimed interest.' The absence of the subsidiaries does not impair or impede their ability to protect their interest since as a practical matter their interests are being actively and adequately protected by the defendant. On its face the provisions of clause (2) (ii) are without application." 278 F. Supp. at 848-849.

Similarly, in the converse situation where an affiliate or licensee of a <u>plaintiff</u> has not been joined, the courts have routinely held their joinder not required under Rule 19.

---

*The court noted that the four Delaware subsidiaries were amenable to process and could have been joined. Thus, the court need not have dismissed the action had it found their presence necessary, yet it still declined to order joinder.

National Board of YWCA v. YWCA of Charleston, S.C., 335 F. Supp. 615, 627 (D. S.C. 1971), and cases cited therein.

In addition, trademark infringement is a tort and all who participate in use of the infringing mark are joint tortfeasors who are jointly and severally liable to plaintiff. Bar's Leaks Western, Inc. v. Pollock, 148 F. Supp. 710, 714 (N.D. Cal. 1957). However, joint tortfeasors are not indispensable, or even necessary, parties under Rule 19. Wells v. Universal Pictures Co., 166 F.2d 690, 692 (2d Cir. 1948); Decorative Cabinet Corp. v. Stor-Aid of Ohio, Inc., 10 F.R.D. 266, 268 (S.D.N.Y. 1950): 3A J. Moore, FEDERAL PRACTICE ¶19.11 at 2364-5 (2d Ed. 1974). Their joinder is merely permissive and is governed by Rule 20:

> "It should be noted particularly, however, that the description [in subdivision (a) of Rule 19] is not at variance with the settled authorities holding that a tortfeasor with the usual 'joint-and-several' liability is merely a permissive party to an action against another with like liability. ... Joinder of these tortfeasors continues to be regulated by Rule 20 ...." Advisory Committee's Note to Amended Rule 19, 39 F.R.D. 69, 91 (1966).

In sum, the motion flies in the face of controlling precedents It should be rejected out of hand. In any event, we proceed to a point by point analysis under Rule 19 to document further its inapplicability.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION

A. Complete Relief Can Be Afforded Between Texaco and Allied.

Pursuant to subdivision (a)(1), a person may be needed for just adjudication if his absence would impair complete relief among the parties. As the court in American Plan, supra, noted, it is obvious that complete relief can be afforded without the presence of a subsidiary who is using the mark.

Plaintiff herein seeks injunctive relief against Allied. Pursuant to Rule 65(d), Fed.R.Civ.P., an injunction binds:

> "[T]he parties to the action, their officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise."

Clearly, an injunction against Allied would bind its wholly-owned subsidiary, TSSI, as well. As shown, personnel of Allied are directly involved in TSSI's activities. Stout, for example, works for both companies. Allied supplies TSSI with its gasoline and its advertising and promotional materials. Under these circumstances, TSSI is indisputably in active concert and participation with Allied and an injunction against Allied would effectively terminate TSSI's efforts under the designation TEXGAS.

We note further that Allied is the proprietor of the federal trademark registrations for TEXGAS. Accordingly, any

use of the mark by TSSI must be under license from Allied or as a related company under 15 U.S.C. §§1055, 1127. A "related company" is defined as:

> "any person who legitimately controls or is controlled by the registrant or applicant for registration in respect to the nature and quality of the goods or services in connection with which the mark is used." 15 U.S.C. §1127.

Thus, Allied cannot argue that TSSI's use of the designation TEXGAS is not under the supervision and control of Allied. Otherwise, Allied will have admitted the destruction of any trademark rights it may possess. Huntington National Matress Co., v. Celanese Corp. of America, 201 F. Supp. 938, 944-945 (D. Md. 1962). And, if TSSI's use is under Allied control, an injunction will be binding against TSSI.

The other relief requested by Texaco is the cancellation of Allied's trademark registrations in the United States Patent Office. Certainly, this does not require the presence of TSSI.

Complete relief can be afforded between Texaco and Allied.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION

B. TSSI Does Not Have Sufficient Interest In the Subject Matter and, In Any Event, its Interest is Fully Protected by Allied, Proprietor of the Trademark at Issue.

Subdivision (a)(2) of Rule 19 applies to a person claiming an interest in the subject matter (i) which interest might be impaired by his absence or (ii) whose absence might subject the present parties to multiple litigation.

TSSI is not the owner, but only a user, of the mark. As such, its interest is no different in kind from that of every independent service station owner who is operating a TEXGAS service station. Since Texaco could never achieve jurisdiction in one location over all such users, it is apparent that defendant's argument is reductio ad absurdum with regard to Rule 19 in that it would forever bar Texaco from its day in court on the infringement claim.

It is apparent that TSSI's interest is not sufficient under Rule 19. Switzer Bros. v. Byrne, 242 F.2d 909 (5th Cir. 1957), cited by defendant, is not applicable since that case dealt with absent parties who jointly owned the patent sued upon. Here, Allied, not TSSI, owns and controls the mark at issue.

Moreover, even if it be assumed that TSSI has a cognizable interest under Rule 19, it is apparent that such interest will more than adequately be protected by its parent, Allied. American Plan Corp. v. State Loan and Finance Corp., supra.

Finally, the absence of TSSI will in no way expose Allied or Texaco to "double, multiple, or otherwise inconsisten obligations ...."

In sum, TSSI simply does not qualify under subdivision (a)(1) or (2) of Rule 19. That being the case, there is no cause to proceed to a determination of indispensability under subdivision (b). The motion should be denied.

C. Even Assuming Arguendo that TSSI is a Person to be Joined If Feasible, it Appears that TSSI Can Be Joined as a Party.

As shown above, the law is clear that TSSI is not "a person to be joined if feasible." Even assuming arguendo that it were, it appears that TSSI can be joined as a party pursuant to Rules 4 and 19, Fed.R.Civ.P.

To date, Allied has failed to supply plaintiff with a list of the officers and/or directors of TSSI and the sup-

porting affidavit of Mr. Keir on his motion neither fills this void or makes any affirmative statement that TSSI does not have officers, directors, bank accounts, etc. in or around New York. The absence of such information from the moving papers leads us to conclude that there are activities of TSSI which would subject it to jurisdiction here. In the absence of such information, or at least until discovery is complete, such motion must be denied.

Indeed, according to the little information plaintiff now possesses, it appears that, at least, Harold G. Teverbaugh, an officer of Allied based either in New York City or in Morristown, New Jersey, is also a director of TSSI.* Accordingly, service of process on Mr. Teverbaugh would suffice to join TSSI as a party hereto.

TSSI is subject to service of process "in the manner prescribed by the law of the state in which the district court is held for the service of summons or other like process ...." Rule 4(d)(7), Fed.R.Civ.P. Since under New York law, service may be made upon a corporation by serving a director thereof,

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*In light of the fact that TSSI is a wholly-owned subsidiary of Allied, and its marketing efforts under the designation TEXGAS are so closely related to those of Allied, the likelihood is that some others of the officers and directors of TSSI are also officers and directors or employees of Allied, based at Allied's headquarters in the New York area.

C.P.L.R. §311, service on Mr. Teverbaugh at Allied's headquarters in New York City or in Morristown, New Jersey (which is within 100 miles of the City), will give jurisdiction over TSSI. Rule 4(f), Fed.R.Civ.P.

Rule 19(a) provides in relevant part that:

> "A person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party ... [if he meets the tests of (a) (1) or (2)]."

Here, the court has subject matter jurisdiction under the Trademark Act, 15 U.S.C. §1121 and under 18 U.S.C. §1338. That jurisdiction will not be disturbed by the joinder of TSSI.

Under these circumstances, dismissal would not be appropriate under any circumstances.

D. Even Assuming Arguendo that TSSI is a Person to be Joined if Feasible, It Is Not an Indispensable Party Under Subdivision (b) of Rule 19.

Again, even assuming arguendo that TSSI meets the tests set forth in subdivisions (a)(1) or (a) (2) of Rule 19 and cannot be made a party hereto, there still remains the question of whether it is an indispensable party under subdivision (b), or whether "in equity and good conscience the action should proceed among the parties before it." Rule 19(b) sets out

four factors to be considered under which, we submit, it is apparent that TSSI is not an indispensable party whose absence requires dismissal.*

First, a judgment rendered in the absence of TSSI will not be prejudicial to it since its powerful parent corporation, Allied, is fully competent to protect whatever rights it may have.

Second, since there will be no prejudice to TSSI, the provision regarding shaping of relief is not applicable.

Third, as shown above, a judgment rendered in the absence of TSSI will be fully adequate to protect plaintiff's rights.

Fourth, also as shown above, since TSSI is not the owner but only one of many users of the TEXGAS mark, a holding that it is an indispensable party might carry over to all others as well, making it impossible for plaintiff to find a forum in which it could join all users.

Under the circumstances at bar, there is no question that the Court "in equity and good conscience" may allow this action to proceed without TSSI.

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*Defendant's exclusive reliance on State of Washington v. United States, 87 F.2d 421 (9th Cir. 1936) is inappropriate since Rule 19 was extensively amended in 1966.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS FOR FAILURE TO JOIN PERSON NEEDED FOR JUST ADJUDICATION

CONCLUSION

For the reasons stated above, the motion to dismiss for failure to join TSSI should be denied in all respects.

Respectfully submitted,

By _____

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OF COUNSEL:

William R. Golden, Jr.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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TEXACO INC.,

Plaintiff,

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327 (LWP)

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PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION TO TRANSFER THIS ACTION

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PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

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PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION TO TRANSFER THIS ACTION

INTRODUCTION

In this action, plaintiff Texaco Inc. is seeking injunctive relief, an accounting of profits, and damages for infringement of federally registered trademarks, violations of 15 U.S.C. 1125(a), unfair competition under the common law of the State of New York and violations of New York's anti-dilution law, Section 368-d of the General Business Law of the State of New York. This memorandum is submitted in opposition to defendant Allied Chemical Corporation's motion to transfer this action to Houston pursuant to 28 U.S.C. §1404(a). The affidavit of Mercer L. Stockell,

attorney of record for plaintiff, together with the affidavits of Messrs. Wright, Braudis, Linn, England and Keenan, also have been filed in opposition to said motion and they, together with the depositions of defendant's witnesses Stout, Love and Cordell, amply support the relevant facts as are discussed below.

STATEMENT OF FACTS

Parties

Plaintiff Texaco Inc., a Delaware corporation with its corporate headquarters in New York City, is one of the major integrated producers and marketers of petroleum and petroleum-related products in the United States. From its founding as "The Texas Company" in 1902, plaintiff's growth has kept pace with that of the oil industry. Presently, Texaco products are sold under the TEXACO sign at over 30,000 service stations scattered throughout each of the United States.

The seat and nerve center of Texaco's far-flung operations is Texaco's corporate headquarters located at The Chrysler Building, 135 East 42nd Street, New York, New York. Texaco's chief executives, including all its top national sales and advertising people, maintain their offices in New York. All of Texaco's national sales records are here, and all of its advertising records, which include tear sheets of advertising dating back to 1912 which are too fragile to move, are stored here. Texaco's two outside advertising agencies -- Benton & Bowles and Creamer-Colarossi -- are likewise based in New York.

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Defendant Allied Chemical Corporation (hereinafter "Allied"), is a New York corporation whose principal place of business was located in New York City throughout most of the period within which the operative facts underlying this action took place. Allied recently moved its corporate headquarters to Morristown, New Jersey which is located just outside the city but well within the subpoena range of this Court. It continues, nevertheless, to maintain a substantial and highly visible presence and executive offices in this district at the Allied Chemical Tower at 1411 Broadway, New York, New York. The return of service of the Summons and Complaint show that they were served upon Brian D. Forrow, Vice President and General Counsel of Allied, whose office is at that address.

Thus both parties are resident here in the sense that Allied is a New York corporation, maintains executive offices in New York City and maintains its corporate headquarters in the New York Metropolitan Area; and Texaco maintains its corporate headquarters at 42nd Street and Lexington Avenue, New York City.

Allied is a large diversified corporation which is engaged in, among other things, like Texaco, the production and sale of energy products -- including oil, natural gas, liquified petroleum gases (LPG), and gasoline -- through its Union Texas Division. The latter division is headed by Harold G. Teverbaugh, who is president of the division and an officer and Group Vice President of Allied, and who maintains

offices either at Allied's Morristown headquarters or its New York office.

Allied presently is marketing LPG, LPG equipment, gasoline, motor oils, and related automobile accessory items under the designation TEXGAS both directly to independent distributors, who resell under either their own brands or the TEXGAS designation and through its own wholly-owned subsidiaries: Texgas Corporation and Texgas Service Stations Inc. (hereinafter "TSSI").

The Complaint

Texaco Inc. and its predecessor have used the single word TEXACO to identify themselves with respect to crude petroleum and various other petroleum products distributed by them since at least as early as December 1902. Shortly afterward, plaintiff's predecessor commenced use of it as a trademark. The United States Patent Office issued plaintiff's predecessor Registration No. 57,902, dated December 4, 1906, for the mark TEXACO and plaintiff and its predecessors since then have obtained from the United States Patent and Trademark Office over fifty registrations of trademarks incorporating the word TEXACO or the distinctive prefix TEX for petroleum or petroleum-related products.

It has recently come to Texaco's attention that Allied is advertising and selling LPG, LPG equipment, gasoline, motor oil and automobile accessory items under the designation TEXGAS.

This use by Allied of TEXGAS, a likely and apt contraction and abbreviation of the term "TEXACO gasoline", or "TEXACO gas", for products already marketed by Texaco is likely to cause confusion as to the source or origin or sponsorship of Allied's products. This likely confusion, and the threatened dilution of the TEXACO name and mark, has damaged plaintiff and will continue to do so unless restrained by this Court. Accordingly, plaintiff has filed this Complaint seeking relief from the acts of infringement and unfair competition currently being committed by defendant in a multistate area encompassing most of the eastern half of the United States.

The Geographic Bounds of Allied's Alleged Acts of Infringement and Unfair Competition

Texaco

Texaco Inc. is the only major producer of petroleum and petroleum-related products such as gasoline, motor oil, and automobile accessory items to market its products under a single trademark in all fifty states, and as a result, the TEXACO name and mark has become one of the most widely recognized and valuable trademarks in the United States today. It is no exaggeration to say that the marketing area for TEXACO products is nationwide so that wherever Allied advertises or sells any of its products under the designation TEXGAS the likelihood of confusion with the famous TEXACO name and mark arises.

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Allied

Allied is currently advertising and marketing three distinct product lines under the designation TEXGAS. A discussion of the marketing operation and geographic marketing area of each follows:

1) Liquified Petroleum Gases (LPG)

Allied sells its LPG both through branded jobbers (using the TEXGAS designation) and unbranded jobbers (not using the TEXGAS designation), and through its wholly owned subsidiary, the Texgas Corporation. Allied's 1974 Annual Report boasted of its LPG operation as follows:

> Our Union Texas Petroleum Division is one of the larger independent U.S. producers and marketers of natural gas liquids, which include liquified petroleum gases (LPG) and natural gasoline. (p. 18)

In describing the geographic areas in which Allied markets its LPG, one of Allied's own executives declared:

> Well, generally east of the Rockies. Maybe most States east of the Rockies you may find it sold. (Love Dep., pp. 18-19).

Another Allied executive, P. M. Cordell, in defining his job responsibilities, stated:

> "I am concerned first and foremost with the supply of gas liquids. A portion of those gas liquids go through our own retail operations spread throughout the Eastern United States." (Cordell Dep., p. 36).

A more detailed picture of Allied's LPG retail marketing operation is contained in a directory of Texgas Corporation's retail offices which Allied produced during initial discovery. (A photocopy is attached to the Stockell affidavit and marked as Exhibit A). The list itself is broken down into Northeast, Southeast, Midwest, South Atlantic, and Midsouth Regions and reveals TEXGAS outlets ranging from Saint Cloud, Minnesota to Presque Isle, Maine and from Tallahassee, Florida across to Coldwater, Mississippi.* Eleven of these retail outlets, including the Northeast Region headquarters in Albany and an office in New Lebanon in this judicial district, are located in the State of New York.

Conspicuously absent from this list is any Texgas Corporation retail outlet in the State of Texas. Indeed, Mr. Love who was produced by Allied as a witness with personal knowledge of Allied's current LPG marketing practices, was

*A cursory glance at this list refutes defendant's contention that "[t]he areas ... where the alleged infringement and confusion have occurred is in the Southwest, South and Midwest States, around Houston" (sic.) (Def. Mem., p. 4), and that "... the activity [Texgas Corporation's LPG sales] is more naturally centered around Houston." (id., at 9). Even allowing for a Texan's known penchant for looking at the world through "Texas" spectacles, these statements are hardly creditable when defendant's own maps show Houston to be on the periphery of the marketing areas for LPG and gasoline.

unable to confirm that Allied currently sells LPG in Texas under the TEXGAS brand.* Thus it is clear, contrary to defendant's assertions that Texgas Corporation's LPG sales naturally center around Houston, that TEXGAS LPG sales in Texas, if any, are made through jobbers selling under their own brands and can only amount to a small fraction of the total sales of TEXCAS LPG.

2) LPG Equipment

At this stage of discovery, Allied has revealed very little about its TEXGAS LPG equipment supply business. Allied is currently using the designation TEXGAS as a service mark in connection with its wholesale LPG equipment business. Evidently the business is headquartered in Memphis, Tennessee with offices in Cary, North Carolina, Louisville, Kentucky, and Albany, Georgia. (See Exhibit A to the Stockell Aff., Doc. stamped No. 168).

3) Gasoline, motor oil, automobile accessory items and related gasoline station services

Although the great bulk of Allied's business here concerned is the sale of LPG, Allied is also presently advertising and marketing gasoline, motor oil, and related automobile accessory items on a minor scale under the TEXGAS designation in the States of Arkansas, Florida, Mississippi, Missouri, Tennessee, and Texas. (Keir Aff., p. 4). The sales of TEXGAS gasoline, motor oil and related automotive products appear to be primarily to independent jobbers. These jobbers sometimes

*In response to an inquiry as to whether LPG is currently sold in Texas under the brand TEXGAS, Mr. Love responded:

> It has been. I am not sure if it is now or not. (Love Dep., p. 19).

operate outlets using the TEXGAS designation and sometimes outlets not using that designation. Allied also markets its TEXGAS products through gasoline service stations purportedly operated by its 100%-owned subsidiaries: TSSI (82 stations) and Texgas Corporation (9 stations). Id.

In short, Allied by its own admission and according to its own papers has advertised and/or sold products under the TEXGAS designation in the states of Montana, Wisconsin, Illinois, Minnesota, Iowa, North Dakota, South Dakota, Kansas, Missouri, Arkansas, Texas, Louisiana, Mississippi, Alabama, Tennessee, Kentucky, Florida, Georgia, North Carolina, Pennsylvania, New Hampshire, Maine, Massachusetts and New York, including the Southern District of New York. (Def. Mem., p.8,9and 10). Consequently, it is in this twenty-four state area, not just Texas, where defendant's products have been sold under the infringing designation in competition with TEXACO products.

ARGUMENT

I.

NEW YORK IS THE NATURAL AND MOST LOGICAL SITUS FOR RESOLUTION OF THIS ACTION SINCE:

A. Both Parties Are Found And Are Doing Business In New York

Plaintiff Texaco Inc. resides in the Southern District of New York. It maintains its corporate headquarters in New York City and is qualified to and does conduct substan-

tial business here. Defendant Allied is a New York corporation with executive offices in New York City at the Allied Chemical Tower in Times Square and its headquarters in the New York City Metropolitan Area. Like Texaco, Allied, as it is incorporated in New York State, is "qualified" and does conduct significant business activities here. Thus there is no question that both parties are in this district in force and that venue as laid here is proper.

B. The Claims Asserted By Plaintiff Arose In New York

At the outset, it must be pointed out that defendant's own affidavits belie the assertion argued in defendant's Memorandum of Law that Texaco's causes of action in this case arose outside of this forum. (Def. Mem., pp. 26-27). This bald assertion is flatly contradicted in Keir's Affidavit where he admits that Allied retails under the designation TEXGAS in the Southern District of New York. (Keir Aff., p. 5). Furthermore Allied has advertised its TEXGAS products, including gasoline, motor oils, and LPG, in Life magazine and Sports Illustrated which magazines received wide circulation in New York City and the eastern half of the United States.* And it is here in the Southern District where Texaco has its headquarters that injury to the TEXACO name and mark and the reputation and the goodwill symbolized thereby has been sustained.

*Linn's Affidavit, p. 3, attests to the fact that he first saw the TEXGAS notation here in New York in an Allied advertisement run in Life magazine. A copy of that ad is attached to the Complaint and marked Exhibit 56. In addition, documents we saw in course of discovery which have not yet been forwarded to us show that Allied entered into agreements with Time Inc. for advertisements of its TEXGAS products which were carried in regional editions of Life and Sports Illustrated during the latter half of 1971. States reached by these issues included New York, Minnesota, and many of the other states mentioned infra, at 9.

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It is settled law in this Circuit that a tortious act is committed wherever an infringing product is sold, Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F2d 633, 639 (2d cir. 1956), cert. denied, 352 U.S. 871 (1956); Carter-Wallace, Inc. v. Ever-Dry Corp., 290 F. Supp. 735, 739 (S.D.N.Y. 1968: Mansfield, J.), or wherever advertisements of the infringing products are published. R.F.D. Group, Ltd. v. Rubber Fabricators, Inc., 323 F. Supp. 521, 526 (S.D.N.Y. 1971: Lasker, J.) (unfair competition and violation of 43(a) of the Lanham Act); Scott Paper Co. v. Scott's Liquid Gold, Inc., 374 F. Supp. 184, 184 (D. Del. 1974)(defendant's use of allegedly infringing mark in advertising distributed in Delaware and use of said mark on goods shipped into Delaware gave plaintiff a claim arising in that state). Both the tort and the injury flowing therefrom occur wherever the products are advertised or sold under the infringing designation. Therefore Texaco's claims arise in the Southern District where it maintains its corporate headquarters and where Texaco has suffered injury to its business and reputation as a result of defendant's acts. accord, Albert Levine Associates v. Bertoni & Cotti, 314 F. Supp. 169 (S.D.N.Y. 1970: Metzner, J.).

In essence, then, defendant's argument boils down to the contention that the claims Texaco asserts in this action arose not only in this forum but in many other districts as well. Yet the very breadth of defendant's alleged wrongdoing can hardly change the fact that the torts alleged herein arose in substantial part in New York. Addressing

just this issue in a similar trademark suit, Judge Mansfield in Carter Wallace, Inc. v. Ever-Dry Corp., supra, declared:

> Carter-Wallace's claim... arose at least in part as a result of transaction of business in this district. The instant suit grows out of the fact that both parties sell their respective products bearing the words EXTRA DRY throughout the country and that one the most important markets where they have been sold is in this district...Although the claim arose in other districts, that fact would not derogate it having arisen here. 290 F. Supp. at 739.

See also Iranian Shipping Lines, S.A. v. Moraites, 377 F. Supp. 644, 648 (S.D.N.Y. 1974: Gurfein, J.) (citing Judge Mansfield with approval).

If anything, the multi-state nature of the torts involved in this action strongly weighs in favor of its retention in this district which is far more convenient to the corporate headquarters of the two adversaries involved than is Houston, Texas which is 1600 miles and half a continent away from both.

II.

ABSENT EXTRAORDINARY CIRCUMSTANCES NOT FOUND HERE, PLAINTIFF'S CHOICE OF FORUM MUST BE GIVEN GREAT WEIGHT: DEFENDANT'S BURDEN TO OVERCOME SUCH CHOICE IS A HEAVY BURDEN

The criteria the courts have laid down for determining a transfer motion pursuant to 28 USC §1404(a) are so familiar

that they hardly bear repeating.* First among these is the principle that a plaintiff's choice of forum is entitled to great weight. Norwood v. Kirkpatrick, 349 U.S. 29, 35 (1955); Saperstone v. Kapelow, 279 F. Supp. 781, 782 (S.D.N.Y. 1968: Metzner, J.) (plaintiffs' choice of forum... will not be disturbed except upon a clear-cut showing by the movant that the balance of convenience and justice weighs heavily in favor of transfer."). For as the Third Circuit, in Shutte v. Armco Steel Corp., 431 F 2d 22 (3rd Cir. 1970), cert. denied, 401 U.S. 910 (1971), recently re-emphasized:

> It is black letter law that a plaintiff's choice of forum is a paramount consideration in any determination of a transfer request, and that choice "*** should not be lightly disturbed."*** In accord with that sound doctrine, one district court recently observed: "the decision to transfer is in the court's discretion, but a transfer is not to be liberally granted."...The burden is on the moving party to establish that a balancing of proper interests weigh in favor of the transfer,..., and "*** unless the balance of convenience of the parties is strongly in favor of defendant the plaintiff's choice of forum should prevail. 431 F 2d at 25. (citations omitted).

The decisional law in the Second Circuit and the Southern District is in complete accord with this salutary

*Section 1404(a) provides:

> For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.

principle. See, e.g., Ford Motor Co. v. Ryan, 182 F 2d 329,330 (2d Cir. 1950), cert. denied, 340 U.S. 851 (1950); Franklyn v. Blaylock, 218 F. Supp. 261 (S.D.N.Y. 1963), mandamus denied sub.nom., Blaylock v. McLean, 319 F 2d 533 (2d Cir. 1963); Herbst v. Able, 278 F. Supp. 664 (S.D.N.Y. 1967), and Brody v. American Medical Association, 337 F. Supp. 611, 613 (S.D.N.Y. 1971). Defendant's arguments to the contrary scarcely merit serious consideration.

The heavy weight routinely accorded a plaintiff's choice of forum is only reduced in the face of extraordinary circumstances not present in the case at bar. Saminsky v. Occidental Petroleum Corp., 373 F. Supp. 257 (S.D.N.Y. 1974) and Ryer v. Harrisburg Kohl Brothers Inc., 307 F. Supp 276 (S.D.N.Y. 1969), cited by defendant as supporting its novel proposition that plaintiff's choice of forum is of minimal consequence, are plainly inapposite to the instant action. Saminsky involved purported class and derivative actions based on the federal securities laws. Therefore Judge Ward rightly found that the significance of a plaintiff's choice of forum in a class action situation is diminished since the plaintiff sues not in his own right but on behalf of a class consisting of hundreds of potential plaintiffs all of whom could with equal show of rights claim the action was related to their respective home forums. The nexus of the transferor forum to the parties and the claim asserted was similarly tenuous in Ryder. That case involved a personal injury action where defendant's only connection to the Southern District was the

sheer happenstance that his liability insurer was doing business in New York. Rather than allow the Seider doctrine to be used as a tool of oppression, Judge Lasker transferred the case to Pennsylvania where defendant resided and the accident occurred. Such considerations cannot affect the case at bar where both the parties and the causes of actions involved have strong roots in the Southern District of New York.

III.

THE PREVAILING CONVENIENCE OF PARTIES AND WITNESSES AND THE INTERESTS OF JUSTICE ARE BEST SERVED BY KEEPING THIS ACTION IN NEW YORK

A. The Great Majority of Material Witnesses and the Relevant Sources of Proof Are Found in New York or in Areas Far More Accessible to New York than to Houston.

Defendant's self-serving papers seeking transfer to a venue far from its state of incorporation and principal place of business ignore realities. As will be shown the great majority of the material party and non-party witnesses and the relevant sources of proof are in the Southern District or in areas far more accessible to New York City than to Houston.

The Materiality of the Expected Testimony

At present, the only issues before the Court are those posed by the allegations found in the Complaint and defendant's presumed denials thereof. In order to establish the materiality of the expected testimony of potential witnesses with respect to these issues, it is first necessary to discuss

briefly the nature of the proof plaintiff must offer on its direct case. Under the Lanham Act the acid test of trademark infringement is likelihood of confusion.* The applicable standard in the Second Circuit was succinctly stated in Syntex Laboratories, Inc. v. Norwich Pharmacal Co., 437 F 2d 566 (2d Cir. 1971). In Syntex, Chief Judge Lumbard wrote, "In amending that section [15 U.S.C. §1114(1)] in 1962, Congress eliminated the italicized qualifying language, thereby evincing a clear purpose to outlaw the use of trademarks which are likely to cause confusion, mistake or deception of any kind, not merely of purchasers nor simply as to source of origin." 437 F 2d 568 (emphasis added). The Syntex case's "confusion of any type" test was recently applied by Judge MacMahon in Grotrian v. Steinway & Sons, 365 F. Supp. 707, 712 (S.D.N.Y. 1973).

In showing likelihood of confusion, proof of the strength of the TEXACO mark will be crucial since the relative strength of the mark determines the scope of protection it will receive against the confusing similarity of other like marks such as TEXGAS. In Alfred Dunhill of London, Inc. v. Kasser Dis-

* While it is most persuasive evidence of infringement, plaintiff need not show actual confusion in order to prove a good cause of action. Kiki Undies Corp. v. Promenade Hosiery Mills, Inc., 411 F 2d 1097, 1100 (2d Cir. 1969). Nor does plaintiff posit as the cornerstone of its case on the likelihood of confusion issue the assertion that "the prefix 'TEX' is distinctive of TEXACO products. (Def. Mem., p. 3). While plaintiff is confident it can prove both actual confusion and the association of the prefix "TEX" for petroleum products with plaintiff, the decisional law makes it clear that plaintiff may prevail on its direct case without demonstrating either. Because defendant concentrates principally on these two issues while ignoring the other standard benchmarks of infringement and unfair competition much of its discussion and most of its exhibits are, at best, only tangentially relevant to this motion.

tillers Products Corp., 350 F. Supp. 1341, 1357, (E.D. Pa. 1972), aff'd 480 F.2d 917 (3rd Cir. 1973) (no opinion), the Court adopted the following analysis of a strong mark from 3 Callmann, Unfair Competition, Trademarks and Monopolies §82.1(1), at 755-56 (3d Ed. 1969), which is instructive in showing the type of evidence plaintiff is obliged to offer at trial:

> "A mark is strong if it is conspicuously distinctive; it is distinctive if the public has already been educated to accept it as the hallmark of a particular source. Then, too, a mark can be distinctive either because it is unique, that is, distinctive in itself, because it has been the subject of wide and intensive advertisement or because of a combination of both. * * * It seems to follow as a necessary conclusion that the trademark has the advantage of strength where its owner has invested a considerable amount in advertising, or can establish use over a substantial period of time on a great quantity of articles, as symbolic of his business, or has also used the mark as a corporate name." [Footnotes omitted] (emphasis added).

The Potential Witnesses and
The Relevant Sources of Proof

As the foregoing discussion of the applicable case law makes clear, important witnesses for plaintiff will be its own executives and other headquarters personnel competent to testify on the past and present advertising and sale nationwide of TEXACO products. Other crucial witnesses will come from Texaco's outside advertising agencies and consulting and supporting firms. These latter witnesses not only can provide detailed information on the extent of TEXACO advertising but they will also be able to establish the value of the TEXACO name and mark.

Finally, any confusion witnesses plaintiff presents will go a long way towards resolving the likelihood of confusion issue in its favor.*

The annexed affidavits of Messrs. Stockell, Wright, Linn, Braudis and England demonstrate that the Texaco executives whom plaintiff plans to call upon to establish essential facts concerning the advertising and sale nationwide of TEXACO products maintain their offices in the Southern District of New York.** In addition, Ellis W. Gunnels, whom defendant thinks might have pertinent information (Def. Mem., p. 12), has been transferred to Texaco's headquarters in New York City. (Wright Aff., pp. 3-4). It goes without saying that these potential witnesses find the present forum most convenient, and conversely, that a transfer to Texas would both inconvenience them personally and disrupt Texaco's business by taking these key executives away from their posts.

Important party witnesses from Allied would likewise find the Southern District more convenient due to their proximity

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* While describing the likelihood of confusion issue as technically one of fact, Southern District decisions which have addressed the question have by and large concluded that the "likelihood of confusion" issue is a matter of law for the Court to decide.

** Those witnesses plaintiff may call include: Howard I. Wright, Assistant General Manager Resales, Sales United States; Robert Braudis, Assistant General Manager, Consumer Sales; Robert M. Dowling, Assistant Manager Retail Sales; William V. Linn, Manager, Advertising and Sales Promotion; Joel Tharp, TBA Sales Manager; Charles Hanson, Advertising Production; W.L. England, Manager, Marketing Research, Sales - United States, and Kenneth McCullum, Texaco Historian. (See Stockell Aff., pp. 7-9).

to this forum. Harold G. Teverbaugh, the President of Allied's Union Texas Division evidently maintains his main office either in New York or Morristown, New Jersey. (Stout Dep., pp. 41-42). Mr. Teverbaugh's importance as a potential witness stems from the fact that in addition to his present post he also has served as an officer of Allied's alleged predecessor, Texas Natural Gasoline Corporation. Mr. Teverbaugh would have knowledge not only of any prior usage of the designation TEXGAS but also of that alleged predecessor's awareness of the strength and value of the TEXACO name and mark. Robert A. Harmon, Assistant Secretary of Allied, is also located at Morristown. Mr. Harmon is fully acquainted with Allied's trademark matters and as such is a potential witness. Moreover, Brian D. Forrow, General Counsel of Allied, is located in New York City so that trial here ought to be more convenient for him.

Several key non-party witness are in New York City. Chief among these are employees of Texaco's outside advertising agencies and of marketing research firms which have worked with Texaco. (See the England and Keenan Affidavits). Marcus Becker, the Texaco Account Supervisor at Benton & Bowles since 1969 can testify to the nature and extent of Texaco's national advertising and the value of the TEXACO name and mark. (Keenan Aff., p. 1). Michael Keenan, Richard Jennings, and Diane Dudzinki are all Account Executives working with the Texaco Account and they can provide specific information concerning TEXACO advertising within their own speciality areas, for example, motorist advertising. Another

advertising witness located in the City is Mr. Arnold Kaczales who is Mr. Becker's counterpart at Creamer, Colorassi, Inc. The latter agency handles Texaco's trade advertising which would include LPG advertising, so Mr. Kaczales would have relevant information in this area. Finally Mr. Timothy Prior of Marketing and Research Counselors Inc., 575 Lexington Avenue, New York, New York, or someone else in his office, can testify to the public's awareness of the TEXACO brand. (See also England Aff., p. 3). This firm has conducted marketing surveys for Texaco so its personnel are able to provide some particularly significant evidence concerning the public recognition of the TEXACO name and mark.*

Ready access to the sources of proof is available in New York and nowhere else. Texaco's cumulative, national records of sale are available in New York City. (See Wright Aff., p. 2). Texaco's in-house advertising records including tear sheets and advertising dating back to 1912 which are too fragile to move are located here. So too are the advertising records (placement lists, photoboards of T.V. commercials, radio scripts, etc.), relating to TEXACO advertising maintained by Texaco's two outside advertising agencies. (See Keenan Aff., p. 3). It would

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*Texaco also has engaged the services of other marketing research firms in New York City and it may well develop that plaintiff will call some of their employees as witnesses. (See generally England Aff.)

also appear that pertinent Allied records particularly its trademark files and its acquisition records with respect to its alleged predecessors Texas Natural Gaoline Corporation and Texas Gas Corporation are located either in the Southern District or in Morristown, New Jersey. Certainly, Robert A. Harmon, whose name appears on Allied's purported trademark registrations used a local address on the papers which he filed with the U. S. Patent and Trademark Office.

Beyond this, plaintiff will present at trial confusion witnesses, some of whom are from New York and others of whom are from various other regions including New England. Plaintiff's investigation in this regard is still continuing but presently plaintiff expects witnesses from upstate New York, Maine, Tennessee, Mississippi, and perhaps other states. Potential Texaco witnesses already identified in upstate New York include Texaco employees at its facilities in Binghampton and Albany. (See Stockell Aff., p. 14). Other potential non-party witnesses would include Gerald Shea, Texaco consignee in Fort Fairfield, Maine, and his secretary, Mary Lou Doughty, who have personal knowledge of confusion between TEXGAS and TEXACO in northern Aroostook County which lies at the tip of Maine on the Canadian border. (See Stockell Aff., p. 10). Still other confusion witnesses are expected from Memphis Tennessee. Id. Inevitably, wherever the trial is held some

of these witnesses will be inconvenienced, but given the ease of air travel into New York City, there can be no doubt that the great majority of witnesses would find travel to New York much more convenient than to Houston.

Allied, for its part, lists numerous employee witnesses in Houston, but it is plain that the great majority of these would not be called at trial. Their knowledge of the use of the TEXGAS mark is cumulative and could be established in depositions or by one or two witnesses at most. In any case, as the Court, in Schmidt v. American Flyers Airline Corp., 260 F. Supp. 813, 814 (S.D.N.Y. 1966: MacMahon, J.), observed:

> "All of these witnesses are under defendant's control and can testify in New York, if defendant desires. We are not convinced that defendant would suffer any oppressive or unusual expense or inconvenience in transporting its own employees to New York, where it does business.

Nor does it appear that the Texaco employees in Houston, cited by plaintiff (other than Mr. Gunnels who is presently in New York) have any relevant information. Thus, movant has produced no evidence affirmatively showing the greater convenience of Houston.

B. The Interests of Justice Mandate Retaining This Action In New York

In an attempt to bolster its case, defendant invokes calendar delays in the Southern District as a con-

sideration mitigating towards transfer. Yet this Court has long followed the general rule observed elsewhere that calendar delay is "...never a factor to which great weight is assigned." Peyser v General Motors Corp., 158 F. Supp. 526, 530 (S.D.N.Y. 1958); Blue Bell, Inc. v. Jaymar-Ruby, Inc., supra, 311 F. Supp., at 943-44. Even further eroding the significance of calendar conditions in the present action is the fact that cases involving commercial torts, particularly where no jury is required, may reach trial in the Southern District in a much shorter time than the statistics urged by defendant indicate. cf. Carter-Wallace, Inc. v. Ever-Dry Corp., 290 F. Supp. 735, 740 (S.D.N.Y. 1968).

It would be improper to transfer an action simply to lighten the volume of business in this court. Indeed, as Judge Motley pointed out, "[w]ere this criterion, itself, sufficient cases could always be transferred from this District on this ground." Herbst V. Able, 278 F. Supp. 664, 667 (S.D.N.Y. 1967) (denying motions to transfer).

More than counter-balancing any slight weight which might possibly be given calendar delays is the public interest in having an action involving state law claims resolved in a court familiar with those local laws. cf., Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 509 (1947). Plaintiff has alleged claims arising under the New York anti-dilution law, Section

368-d of the General Business Law of New York, as well as claims under the New York common law. It is in the "interest of justice" that these claims be decided by a court fully acquainted with the peculiarities of these New York laws. Brody v. American Medical Association, 337 F. Supp. 611, 613-14 (S.D.N.Y. 1971: Tenney, J.).

Finally, in passing, it should be noted that movant--faced with a case weak both on facts and law--contends, contrary to all authority, that this action ought to be transferred to Houston where its subsidiary TSSI, which has an unspecified but "manifest" interest in the designation TEXGAS, might be joined as a party defendant. (Def. Mem., pp. 14-15).* Other than underscoring movant's own recognition of the weakness of its other arguments for transfer, this contention must be disregarded as completely unfounded for the reasons set forth in plaintiff's Memorandum of Law replying to defendant's indispensable party motion. Indeed what "manifest interest" TSSI could have in the TEXGAS designation apart from Allied is difficult to discern. It may well be that TSSI's primary function (as is Texas Corporation's which recites its business activity as "Nameholding" on its 1973 Franchise Tax Report) is that of a name-holder corporation for Allied. (See Exhibits B and C to the Stockell Aff.). Allied's Form 10-K filed with the SEC on March 31, 1975 does not even list TSSI as a subsidiary. (See Exhibit D to Stockell Aff.).

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*Nowhere does plaintiff's prayer for relief mention TSSI, and defendant's assertion to this effect is plainly erroneous. (Def. Mem., p. 14). And while it might well turn out, as all present signs indicate, that Allied's control over TSSI is such to overcome the fiction of TSSI's independent corporate existence that issue need not be reached here. It is sufficient for the purposes of this motion that TSSI has no interests, independent of Allied's, that could be prejudiced by continuation of this action in New York.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

IV.

DEFENDANT HAS NOT OVERCOME ITS HEAVY BURDEN OF SHOWING THE NECESSITY FOR TRANSFER

The corollary to the great deference due plaintiff's choice of forum is the heavy burden that defendant must bear if it is to usurp that choice and prevail on a transfer. In order to meet this burden movant must do more than merely list the names and locations of potential witnesses. The proper test is a qualitative, not a quantitative one. Accordingly, movant is obliged to apprise the Court of the nature and the materiality of the anticipated testimony of the witnesses listed in its motion papers. Texas Chemical & Plastics Corp. v. Monsanto Co., 1974-2 Trade Cas., ¶75,380, at 98,235 (S.D.N.Y. 1974: Gagliardi, J.); Peyser v. General Motor Corp., 158 F. Supp. 526 (S.D.N.Y. 1958: Kaufman, J.). Defendant's affidavits submitted in support of its transfer motion for the most part fail to detail the materiality of the testimony of potential witnesses and often lapse into irrelevancies and conjecture in a transparent attempt to pad its list of witnesses in the Houston area. Accordingly, it is respectfully urged that these affidavits -- which render the Court's resolution of the convenience issue "... a product more of speculation than of knowledgeable evaluation," Sinclair Oil Corp. v. Union Oil of California, 305 F. Supp. 903, 904 (S.D.N.Y. 1969: Herlands, J.) -- are entirely inadequate to sustain a showing warranting transfer, and on this ground alone, defendant's motion for transfer must fail.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

Moreover, even if the Court were to assume that the witnesses listed by defendant will actually be called and be able to offer relevant testimony, defendant still has fallen far short of carrying its burden. At best, defendant has shown that transfer would somewhat accommodate defendant at the expense of far greater inconvenience to plaintiff and plaintiff's witnesses.* In just these circumstances Judge Croake denied transfer in a trademark and unfair competition case. Blue Bell, Inc. v. Jaymar-Ruby, Inc., 311 F. Supp. 942 (S.D.N.Y. 1969). In so holding, Judge Croake sagely observed:

> "It is apparent from the papers before this Court that the 'inconvenience argument' presented by defendant concerning the proximity of its records, exhibits and witnesses to Chicago and Michigan can be used to support the position of either party in this action. Plaintiff has shown in its affidavit that its entire in-house advertising staff and

* Defendant's papers list only three non-party witnesses residing in Houston -- Norman McIver, Roser McKillip, and Perc Riggins - all of whom are ex-employees. The remaining witnesses are all defendant's employees or agents and under its control. There can be no problem with regard to these individuals being readily available to defendant at trial if they are really needed. Schmidt v. American Flyers Airline Corp., 260 F. Supp 813, 814 (S.D.N.Y. 1966: MacMahon, J.) (We are not convinced that defendant would suffer any...inconvenience in transporting its own employees to New York, where it does business."). The same is true of any Texaco employees in Houston. In contrast, plaintiff has cited numerous non-party witnesses in New York or in areas far more accessible to New York than Houston.

> outside advertising agency, all sales and advertising records, banking activities and several key witnesses are located in New York. It would be likewise inconvenient and time consuming for plaintiff to have its witnesses and records transferred from New York to Chicago or Michigan City. In a situation such as the present, where a transfer would merely shift the inconvenience from one party to the other, or, where after balancing all the factors, the equities would lean only slightly in favor of the movant, plaintiff's choice of forum should not be disturbed. DeLuxe Gain Corp. v. Wonder Products Co., 166 F. Supp. 56, 61 (SDNY 1958); Saperstone v. Kapelow, 279 F. Supp. 781, 782 (SDNY 1968)." 311 F. Supp. at 943.

See also Texas Chemical & Plastics Corp. v. Monsanto Co., supra, and U.S. Industries, Inc. v. Proctor & Gamble Co., 348 F. Supp. 1265, 1268 (S.D.N.Y. 1972: Palmieri, J.).

In summary, it is patently obvious that defendant not only has failed to meet its heavy burden of affirmatively showing the far greater convenience of the proposed transferree forum, Sinclair Oil Co. v. Union Oil Company of California, supra., 305 F. Supp. at 904, but it has also utterly failed to demonstrate that defendant would suffer any real inconvenience as a result of the maintenance of this action in New York. Conversely, transfer to Houston would work a real hardship on plaintiff, its business, and its witnesses. In view of these facts and in light of the applicable criteria evolved under §1404(a), plaintiff's privilege in selecting a forum should not be disturbed.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR CHANGE OF VENUE

CONCLUSION

For the reasons stated herein, it is respectfully submitted that the motion of defendant to transfer the above action from the Southern District of New York to the Southern District of Texas should be denied in all respects.

Respectfully submitted,

By _____

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Of Counsel:

William R. Golden, Jr.

REPLY MEMORANDUM OF DEFENDANT IN SUPPORT OF MOTION FOR A CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO, INC.,	:	
Plaintiff,	:	
vs.	:	75 Civ. 327 (LWP)
ALLIED CHEMICAL CORPORATION,	:	
Defendant.	:	

REPLY MEMORANDUM OF DEFENDANT ALLIED ON MOTION FOR A CHANGE OF VENUE*

Texaco's charge of trademark infringement and request for damages in this case presents jury issues.[1] In Dairy Queen, Inc. v. Wood, 369 U.S. 469, 477 (1962), the Supreme Court affirmed the right to a jury trial in trademark infringement cases:

> ". . . [A]s an action for damages based upon a charge of trademark infringement, it would be no less subject to cognizance by a court of law."

Texaco has alleged that it intends to present a case

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*Statements of fact herein are supported by the Supplemental Affidavit of Mr. Harry O. Keir submitted herewith.

[1]Defendant Allied intends to request a jury trial in this case, and will do so at such time as an Answer becomes necessary.

through a number of its ranking executives who will testify concerning Texaco's nationwide sales figures and nationwide advertising. Such testimony is directed to prove the distinctiveness of the TEXACO mark, and in part at least, to prove the distinctiveness of the prefix "TEX." However, an equally important issue is the distinctiveness and nonconfusing nature of the TEXGAS mark in identifying Union Texas division's products following twenty years of use.

The ubiquity of Texaco advertising is apparent to anyone exposed to mass media. A jury in New York City will have been preeducated by years of exposure to Texaco advertising, but will not likely be acquainted with any TEXGAS advertising[2] or TEXGAS products. Nor will the jury have been exposed to the method in which TEXGAS products are marketed. TEXGAS products have not been sold in New York City.

In contrast, Texaco advertising is as prevalent in Houston as in New York. Yet the jury will have the advantage of having been exposed to the TEXGAS mark, TEXGAS products,

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[2]As pointed out by Texaco in its Memorandum, the only TEXGAS advertising in New York City was a one-time program in August 1971 through January 1972 in LIFE magazine. Concurrent advertisements in SPORTS ILLUSTRATED were not directed to New York State. Even Mr. Linn, Texaco's manager in New York, was unaware of TEXGAS until he saw one of these advertisements.

and TEXGAS marketing methods. If the jury panel consists of only persons who have been insulated from the TEXGAS mark, then Allied must carry all its proof of the distinctiveness of TEXGAS to the courtroom and educate the jury from ground zero. Just as "availability to view the premises" is regarded as a significant factor in determining transfer in some cases (see 1 J.Moore, Federal Practice ¶0.145[5], at 1623, 2d ed. 1974), availability to view the market where both TEXACO and TEXGAS products appear should be a prime consideration in this case favoring transfer.

In Chance v. E.I. duPont deNemours & Co., 371 F.Supp. 439 (S.D.N.Y. 1974), the court considered a diversity action brought on behalf of children injured by blasting caps:

> The federal court sitting in West Virginia, with a West Virginia jury is best equipped to decide whether blasting caps are familiar articles around coal mines. Community standards are a vital element in assessing the actions of the parties in this suit.

A Federal court and jury in Texas would similarly be better equipped to decide if TEXGAS is distinctive, and if there is a likelihood of confusion. The Texas court can see "the premises" -- the marketplace where both marks are used. In the New York forum, Allied would be forced to carry to the court, largely by deposition, evidence of acquiescence to the TEXGAS mark by Texaco employees in Houston, Wilcox,

Blessing, Port Arthur, and Old Ocean, Texas, with whom Union Texas division has had intercompany dealings for years under circumstances establishing knowledge by Texaco of the TEXGAS mark.

Moreover, allthough TEXACO now indicates that the distinctiveness of the prefix "TEX" is not a "cornerstone" of its case, it was Texaco which raised the proposition in the Complaint. Allied submits that, as a practical matter, if this Court finds that "TEX" is not distinctive of Texaco, then Texaco's case on trademark infringement (absent palming off or the like) is virtually destroyed. It would suit Texaco's purpose to have such third-party evidence of uses of "TEX" by petroleum related companies remote from the forum where trial is held. Texaco then may proceed with live testimony of Texaco executives presenting impeccable charts, figures, and advertising plans to "prove" that "TEX" means Texaco and that TEXGAS fosters confusion in the minds of the consuming public. The real evidence will be far away.

In a New York forum, it will be easier for Texaco to characterize TEXGAS as an interloper of which it has only recently become aware. In Houston, there has been a TEXGAS service station on Richmond Avenue for twelve years, and LP gas has been sold and transported for twenty years in Texas

including Houston and its environs using the TEXGAS mark.[3]

Texaco has distorted the picture of its own presence in Houston as well. One-third or more of all domestic Texaco employees are located in Texas (Keir Supplemental Affid.), with about 3,800 in Houston. Moreover, a further concentration of sales responsibility has been recently shifted to Houston for southwestern regional sales (Keir Supp. Affid.). Many relevant records are located at Houston, and indeed the admissibility of copies of records would preclude any necessity of transporting large numbers of records from New York (Fed. R. Evid., Rule 1003).

Texaco's statements regarding Allied's presence in New York are also exaggerated. Allied has sold the Allied Chemical Tower in New York City and has established corporate headquarters at Morristown, New Jersey. Although some executives maintain offices in New York City, none of the executives of the Union Texas division are located there. Mr. Harold Teverbaugh, alleged to be President of the Union Texas division no longer holds that position. Moreover, Mr. Teverbaugh resides in Houston and spends about one-half of his time in Houston, with the remainder being spent at the Morristown office. The current president of Union Texas is Mr. J. E. McCollum who maintains his office in Houston. Mr.

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[3]At page 9 of its Memorandum, Texaco has asserted that Allied's LP-gas sales in Texas are made "through jobbers selling under their own brands." This is untrue. Exhibit G-2 of the Keir affidavit submitted with Allied's original Memorandum shows locations of branded TEXGAS LP-gas outlets.

REPLY MEMORANDUM OF DEFENDANT IN SUPPORT OF MOTION FOR A CHANGE OF VENUE

Robert Harmon is a trademark attorney who will not likely be called as a witness at trial. Mr. Brian Forrow, general counsel of Allied is not a prospective witness for any purpose.

Serving the interests of justice is of paramount importance in determining proper forum. Texaco is shunning the convenient and proper forum in Texas since it clearly hinders Allied's ability to marshal its evidence in persuasive form. If this were a case where the prospective witnesses were in fact to be only Allied employees from Texas and Texaco employees from New York, the offsetting inconveniences of the two fora would be apparent, and Texaco's choice would be significant. But TEXACO and TEXGAS are in Texas, and the capability of a court to resolve the complex issues in this case will be enhanced by proximity to the Texas marketplace, and to the people who are familiar with it.

Respectfully,

[illegible]SH & NEAVE

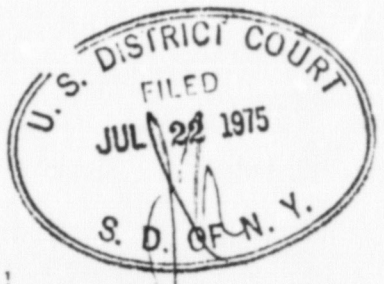
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Attorneys for Defendant

SUPPLEMENTAL AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



TEXACO INC.,

Plaintiff,

v. : 75 Civ. 327 (LWP)

ALLIED CHEMICAL CORPORATION,

Defendant.

SUPPLEMENTAL AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT ALLIED'S MOTION FOR A CHANGE OF VENUE UNDER 28 U.S.C. § 1404 (a)

COMES NOW, HARRY O. KEIR, and deposes and states as follows:

1. I am Assistant Secretary of Allied Chemical Corporation in Houston, Texas, and am responsible for maintaining the corporate records of Allied Chemical insofar as the business of its Union Texas Petroleum Division is concerned.

2. I am making this affidavit in connection with Allied's motion for a Change of Venue in this case.

3. My prior affidavit submitted in connection with this motion included Exhibits G-1 and G-2 which showed the location of TEXGAS branded outlets for gasoline and LP-gas, as well as locations of gasoline and LP-gas outlets owned by subsidiaries of Allied and selling under the TEXGAS mark.

SUPPLEMENTAL AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

No sales of TEXGAS products of any type are made in New York City by or under authorization of Allied or its subsidiaries to my knowledge.

4. Texgas Corporation is an operating company retailing LP-gas and is not a nameholding corporation as stated in Exhibit B of Mr. Stockell's affidavit. The 1973 Annual Franchise Tax Report attached as Exhibit B of Mr. Stockell's affidavit is in error and was filed erroneously. I have checked the 1972 and 1974 franchise tax reports which properly indicates the nature of the corporation's business as involving LP-gas sales.

5. To the best of my information and belief, the only advertising of TEXGAS products directed toward New York City was a one time program of advertisements in six issues of LIFE magazine during the period of August 1971 through January 1972. Concurrent advertisements in Sports Illustrated were not directed to New York State.

6. Attached as Exhibits A and B are photocopies of articles which appeared in the July 1 and July 9, 1975 issues of the HOUSTON CHRONICLE, a newspaper, indicating that Texaco has recently undertaken a billing office consolidation and a realignment of its marketing operations, in both instances concentrating additional responsibility and personnel

SUPPLEMENTAL AFFIDAVIT OF HARRY O. KEIR IN SUPPORT OF DEFENDANT'S MOTION FOR A CHANGE OF VENUE

in Houston. Exhibit C is a photocopy of an earlier October 7, 1974 HOUSTON CHRONICLE article indicating that about one third of all Texaco's United States employees are located in Texas.

7. Allied Chemical sold the Allied Chemical Tower in New York City on March 26, 1975. Corporate Headquarters of Allied are located in Morristown, New Jersey. None of the officers of Union Texas division of Allied maintain offices in New York City.

8. Mr. Harold Teverbaugh is no longer president of Union Texas division of Allied. The current president of Union Texas division is Mr. J.E. McCollum who maintains his office in Houston. Mr. Teverbaugh maintains offices at Houston and Morristown, and divides his working time about equally between the two locations. Mr. Teverbaugh resides in Houston.

9. Mr. Robert Harmon is an attorney of Allied located at Morristown with responsibility in the trademark area. Mr. Brian Forrow is general counsel for Allied. Upon advice of counsel neither are likely witnesses.

Harry O. Keir

Sworn to and subscribed before me the 19 day of July 1975.

Yolanda S. Vargas
Notary Public

SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

TEXACO INC.

Plaintiff

-against-

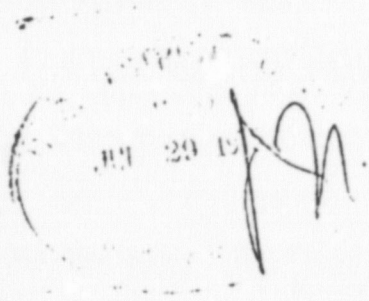
ALLIED CHEMICAL CORPORATION,

Defendant.

Index No. 75 Civ. 327 (LWP)

SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT ALLIED'S MOTION FOR A CHANGE IN VENUE

----------x



STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

MERCER L. STOCKELL, being duly sworn, deposes and says:

1. I am an attorney for plaintiff Texaco, Inc. and have made a previous affidavit in opposition to defendant's motion for a change of venue by transfer to the District Court in Texas. I make this affidavit in response to the Supplemental Affidavit of Mr. Keir served on July 22, 1975.

2. Notwithstanding Mr. Keir's statements in paragraphs 3 and 5 of his affidavit that no sales or advertising of TEXGAS products are made in New York City, it appears from the copy of the advertising mailing

piece of Allied, documents A-5517, A-5518, A-5519 and A-5520, attached as Exhibit D to this affidavit supplementing Exhibits A, B and C to my previous affidavit, that defendant is soliciting purchases of TEXGAS products and services within the Southern District of New York and in the environs of New York City if not in New York City itself. The mailing piece concerned a "sale" of TEXGAS items and services ending June 30, 1975 and uses the term TEXGAS repeatedly throughout (21 times). It appears to be a blanket mailing directed by defendant Allied to potential retail customers ("Customer Postal Local") in New York and Eastern Pennsylvania. On the page marked A-5520 it lists TEXGAS branches, including one in New Lebanon, New York, which is within the Southern District and many others in New York and Pennsylvania, sometimes close to New York City. This mailing piece has recently been received from Allied in the course of discovery.

3. Notwithstanding the statement by Mr. Keir in paragraph 4 of his affidavit, the 1973 annual franchise tax report by Texgas Corporation attached as Exhibit B to my previous affidavit was obtained by plaintiff's attorneys, in preparing its opposition to the present motion. In response to our request for the latest available franchise tax reports, both the office of the

SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Secretary of State of the State of Delaware and Corporation Trust Company, who inquired on our behalf, advised us that they were unable to find any later franchise tax report by that corporation or by Texgas Service Stations, Inc. although we understand that later reports may have been filed.

4. The newspaper articles attached to Mr. Keir's Supplemental Affidavit show merely that a regional marketing office is maintained by plaintiff in Houston. As the articles themselves demonstrate, Houston is but one of several such regional offices of plaintiff. Although other operations of plaintiff such as oil and gas exploration, production, refining, engineering, purchasing, income tax, labor relations, and safety have a connection with the State of Texas, it does not appear that personnel engaged in such operations will have any relevance to the present action which is concerned with the marketing by the parties <u>throughout</u> the United States under the respective trademarks TEXACO and TEXGAS. As shown in our prior papers, the Texaco employees relevant to this action are in New York. Moreover, plaintiff will produce at trial in New York any such employees who may be in Houston but reasonably required by Allied.

SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE

5. It appears from the Manhattan telephone book that defendant Allied maintains "executive offices" at 1411 Broadway, New York City, as well as offices at the Allied Chemical Tower at One Times Square, New York City, and offices in Morristown, New Jersey but with New York City telephone numbers.

6. Whether or not Mr. Harold Teverbaugh is still president of the Union Texas Division, he has been concerned with Union Texas matters for a number of years. Significantly, it is not denied that he is a director of Texgas Service Stations, Inc. or that he is an officer of defendant Allied. He will be a witness and probably still has duties in connection with the Union Texas Division, although Mr. Keir does not mention Mr. Teverbaugh's present position or duties. Mr. Teverbaugh admittedly maintains an office in Morristown, New Jersey.

7. It is expected that Mr. Harmon, located in Morristown, will be a witness in connection with various documents signed by him as Assistant Secretary as well as applications for trademark registrations, the filing of documents in the United States Patent Office, and his dealings with the Patent Office and other parties in trademark matters. He will also be a witness in connection with representations made to the Patent Office and other unprivileged matters within

SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE

his responsibility in the trademark area. It is expected that Mr. Brian Forrow may be a witness in connection with the defendant's acts and knowledge at the time of the acquisition of its Union Texas Division and perhaps in other connections. Defendant does not deny that Mr. Forrow maintains an office in New York City. If Mr. Forrow is not the proper witness for the mentioned purpose, other executives or personnel at defendant's headquarters will doubtless be required in his place.

8. In sum, defendant's efforts to show that plaintiff has personnel in Texas are not relevant to the motion to transfer. Plaintiff has employees throughout the United States but its material personnel in terms of this action, are in New York City. Defendant's unique argument that it is entitled to a jury and can only get a fair trial in Texas is a specious rationalization and wholly without merit. Defendant is not entitled to a jury trial and even if it were, is not entitled to "forum shop" to pick a jury it hopes will be most favorable to it. And defendant ignores the clear fact that confusion of

SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE

the public in all other states as well as Texas must be prevented.

Mercer L. Stockell

Sworn to before me this
28th day of July, 1975.

Notary Public

HELMA M. KUMP
Notary Public, State of New York
No 41-4517741 - Queens County
Commission Expires March 30, 1976

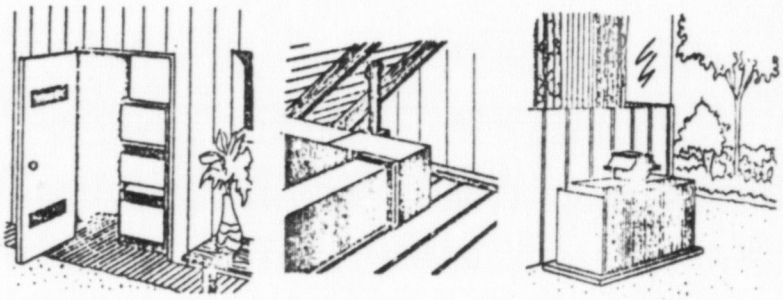
EXHIBIT D, ANNEXED TO SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL.



EXHIBIT D, ANNEXED TO SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL

BUY [illegible] LP-GAS APPLI

INSTALL YOUR THRIFTY TEXGAS HEATING SYSTEM NOW WHILE FUEL ALLOCATIONS ARE AVAILABLE



COMPARE THESE THRIFTY TEXGAS FURNACE AND PACKAGED CENTRAL HEATING SYSTEM COMPONENTS

75,000 BTU FURNACE

1 —19" × 14" × 30" W.A. Plenum
5 —6-1/2" × 10" × 6" Side Take-offs
10 —6" – 30 ga. 90° Ells
75'—6" – 30 ga. Joints (60" Length)
5 —10" × 2-1/4" × 6" Boots
5 —12" × 2-1/4" × 6" Floor Diffusers
12'—17" Joist Panning
1 —8" × 16" × 8" R.A. Duct (3—32" Sections @ $10.58/Section)
1 —30" × 12" R.A. Grills

LOW COST INSTALLATION AVAILABLE

$[illegible]95

100,000 BTU FURNACE

1 —20" × 21" × 30" W.A. Plenum
1 —14" × 8" start Collar
13'—14" × 8" W.A. Duct (5—32" Sections @ $9.86/Section)
2 —14" × 8" End Caps
6 —6-1/2" × 10" × 6" Top Take-offs
6 —6" – 30 ga. 90° Ells
125'—6" – 30 ga. Joints (60" Length)
6 —2-1/4" × 12" × 6" Boots
6 —2-1/4" × 12" × 6" Floor Diffusers
1 —8" × 14" × 8" R.A. Duct (3—32" Sections @ $9.86/Section)
12'—17" Joist Panning
2 —30" × 12" R.A. Grills

$[illegible]95

150,000 BTU FURNACE

1 —20" × 26" × 30" W.A. Plenum
2 —16" × 8" Start Collar
38'—16" × 8" W.A. Duct (15-32" Sections @ $10.58/Section)
2 —16" × 8" End Caps
7 —6-1/2" × 10" × 6" Top Take-offs
7 —6" – 30 ga. 90° Ells
95'—6" – 30 ga. Joints (60" Length)
7 —14" × 2-1/4" × 6" Boots
7 —2-1/4" × 14" × 6" Floor Diffusers
12'—17" Joist Panning
2 —30" × 12" R.A. Grill
8'—16" × 8" R.A. Duct (3—32" Sections @ $10.58/Section)

$[illegible]95

LP-GAS GRILLS [illegible] TOGETHER FOR [illegible]

Thrifty cuts of n
delicious and t
cooked on the l



Three cooking levels to cho
Comes complete with 20#

[illegible]

ECONOMY...

Combustion takes place outside the burner thus . . . appliances last longer. The clean burning qualities of TEXGAS assures users years of trouble-free service.

PERFORMANCE...

No fuel exceeds TEXGAS for fast recovery in hot water heating for clothes and dishwashing and family bathing.

5518

LONG BURNER LIFE...

Most range manufacturers unhesitatingly guarantee their burners for the life of the range because there are no coils to burn out or replace. Specify TEXGAS for your range.

DEPENDABILITY...

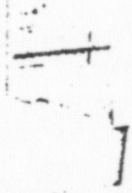
TEXGAS has concern for customer service proven by vast investments in production, manufacturing, distribution and marketing.

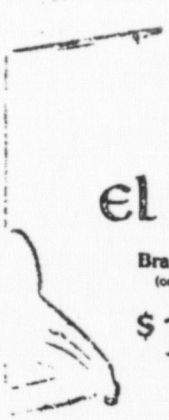
EXHIBIT D, ANNEXED TO SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL

ANCES FOR FUEL SAVING ECONOMY

BRING FAMILIES
FOOD AND FUN

neat are made
nder when
El Patio gas grill.





el patio

Bravo 5631 (LPG)
(or comparable model)

$199.00

se from.
as cylinder.

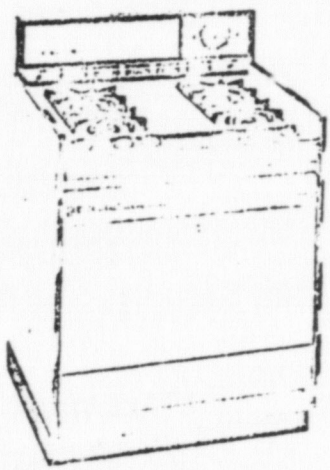
CALORIC

CALORIC FOR
YOUR COOKING
PLEASURE

This 30" range features the new automatic pilot-less ignition that is only "on" when you need it. Saves up to 30% less gas than modern ranges with standing gas pilots. Continuous cleaning oven, Tri-Set burners, clock and interval timer, and much more are standard items. Low-cost installation available.

RSM-355 (LPG)
(or comparable model)

$449.95



COOKING
EXCELLENCE
SINCE 1879

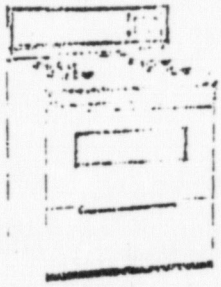
Hardwick offers you new cooking enjoyment with this custom-trimmed 30" range plus Tri-Temp burners and continuous cleaning oven. Low-cost installation available.



HARDWICK

CKJ-9638-120 RM
(or comparable model)

$288.00



HOT WATER
AND
PLENTY
OF IT

Rheem

Fury 30 (LPG)
(or comparable model)

$89.95



A 30-gallon quick recovery water heater to give you all the hot water you want when you need it most. Low-cost installation available.

INDEPENDENT SUPPLY...

Unlike pipeline services TEXGAS provides each of its customers an adequate storage supply on the customer's property.

"PROFESSIONAL" COOKING...

Sign up for the [illegible] lessons, delicious and easy [illegible] the [illegible] TEXGAS serves you [illegible] smooth.

WEATHER PROOF SERVICE...

[illegible] with TEXGAS [illegible]

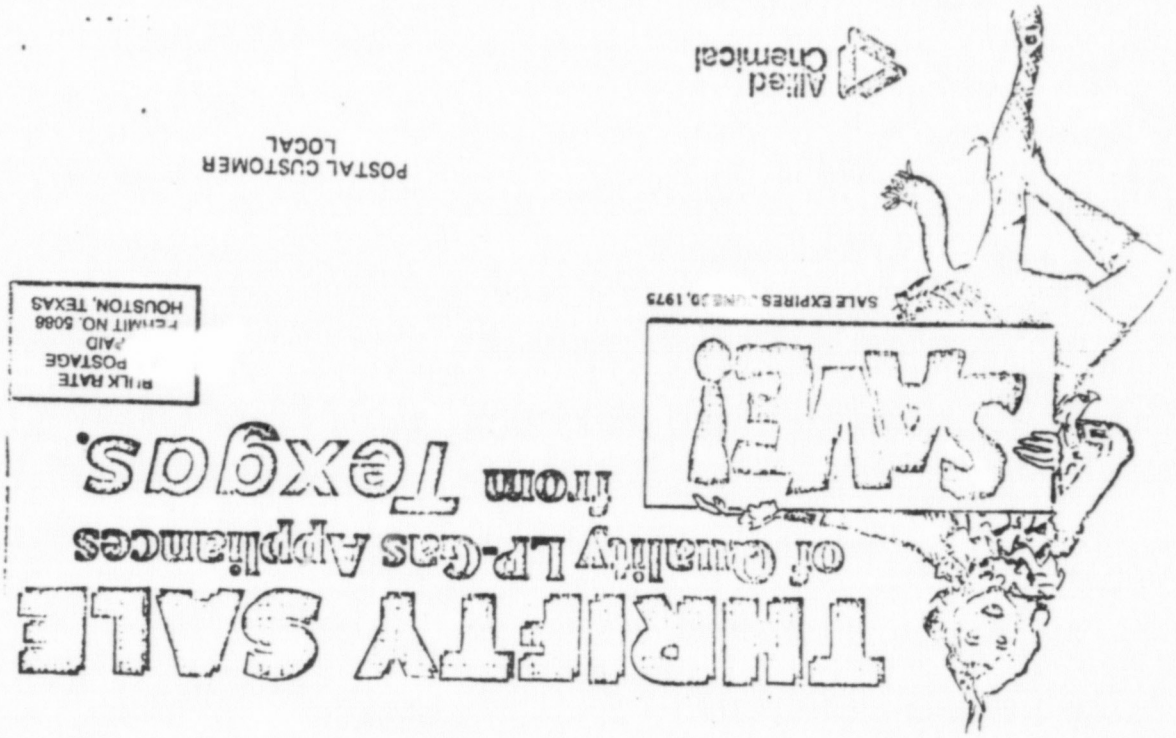
SERVICE BEYOND THE SALE...

TEXGAS is a concerned company in the community it serves and gives [illegible] BEYOND THE SALE.

[illegible] 30, 1973

5519

EXHIBIT D, ANNEX D TO SUPPLEMENTAL AFFIDAVIT OF MERCER L. STOCKELL

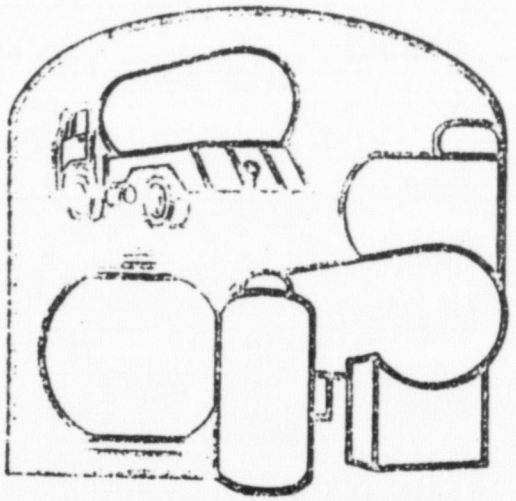


POSTAL CUSTOMER
LOCAL

BULK RATE
POSTAGE
PAID
PERMIT NO. 5086
HOUSTON, TEXAS

THRIFTY SALE

of Quality LP-Gas Appliances from Texgas.



A TEXGAS Corporation Branch is near you. See the Yellow Pages under: "Gas Liquefied Petroleum, Bottle and Bulk."

"The Crisis Continues On Fuel And Governmental Regulations Of Petroleum Products." TEXGAS offers dependable LP-Gas service with SERVICE BEYOND THE SALE. If you are not now served by TEXGAS and plan to use TEXGAS, stop in and visit your local TEXGAS Manager today and take advantage of these thrifty specials. He will advise you of the advantages of TEXGAS LP-Gas for central heating, cooking and water heating.

Presque Isle, Maine
Parsons Road, R.D. #2
(207) 764-6361

Wells, Maine
Depot Road
(207) 646-2351

Lebanon, New Hampshire
Miracle Mile, W. Lebanon Rd.
(603) 448-3058

Albany, New York
122 Karner Road
(518) 456-7900

Auburn, New York
Grant Avenue Rd., R.D. #6
(315) 252-0111

Binghamton, New York
Phelps St., Port Dickinson
(607) 722-2708

Canastota, New York
Seneca Avenue
(315) 697-7144

Port Ewen, New York
74 Main Street
(518) 994-6431

Gouverneur, New York
21 Maiden Street
(315) 287-1140

Manchester, New York
South Main Street
(315) 289-4135

Margaretville, New York
Main Street
(914) 586-4511

New Lebanon, New York
Jct. Rts. 20 & 22
(518) 794-7717
(413) 443-3315

Sidney, New York
4 Riverside
(607) 563-7963

Whitehall, New York
160 Main Street
(518) 499-1151

Emmaus, Pennsylvania
8th & Bank Streets
(215) 965-9470

Milton, Pennsylvania
110 Race Street
(717) 742-7941

Ephrata, Pennsylvania
11 South State Street
(717) 733-2260

Myerstown, Pennsylvania
Route 422W
(717) 866-4122

A-15520

PLAINTIFF'S REBUTTAL MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

TEXACO INC.,

Plaintiff,

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327 (LWP)

----------X

PLAINTIFF'S REBUTTAL MEMORANDUM
IN OPPOSITION TO DEFENDANT'S
MOTION TO TRANSFER THIS ACTION

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Attorneys for Plaintiff

Of Counsel:

William R. Golden, Jr.

PLAINTIFF'S REBUTTAL MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

TEXACO INC.,

Plaintiff,

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327 (LWP)

----------X

PLAINTIFF'S REBUTTAL MEMORANDUM
IN OPPOSITION TO DEFENDANT'S
MOTION TO TRANSFER THIS ACTION

Allied's reply papers fail to show that this action should be transferred to Texas. Texaco is headquartered here; Allied which owns and controls use of the TEXGAS mark is based in New York and in Morristown, New Jersey; and the claims asserted in this action arose in the Southern District of New York as well as nationwide.

The case is a national one with substantial ties to this judicial district and the applicable benchmarks for measuring rights to a transfer point to continuation of this action in the instant forum where the convenience of the parties and the witnesses and the interests of justice are best served.

PLAINTIFF'S REBUTTAL MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Allied's reply papers make two basic arguments, one factual and one legal. Neither has virtue. Factually, Mr. Keir's latest affidavit suggests that Texaco has facilities and employees in Texas. This is true, but irrelevant. Texaco has a substantial presence nationwide and Houston is but one of several regional headquarters. The fact remains that Texaco's personnel who are material to this action are based in New York. Legally, Allied presents some novel arguments based on its alleged right to a jury trial. Since it has no such right, the arguments are vacuous.

I

Mr. Keir's supplemental affidavit is more significant in its omissions than in the facts it puts before the Court. In paragraph 3, he states based on his personal knowledge as "Assistant Secretary" in charge of "maintaining corporate records", that "no sales of TEXGAS products of any type are made in New York City..." But, the boundaries of the Southern District extend well beyond New York City. As shown by the Allied-TEXGAS circular attached to the supplemental Stockell affidavit submitted herewith, Allied has a TEXGAS branch office in New Lebanon, New York, within the Southern District. The circular itself, presumably distributed throughout New York State and the Northeast, further documents Allied's TEXGAS operations in this region.

The same circular shows the misleading nature of Mr. Keir's statement that only in Life magazine has Allied advertised TEXGAS products "directed toward New York City." (Keir Supp. Aff., p. 2, ¶ 5). Obviously, the circular constitutes advertising within the Southern District, if not in the City limits proper.

With similar care, Mr. Keir tells us that attorney Robert Harmon is located in Morristown, (Id., ¶ 9), but fails to inform us that Mr. Brian Forrow, Allied's general counsel and vice president, is located at 1411 Broadway, New York City, where he was served with the summons and complaint in this action. Mr. Keir's statement that "none of the officers of Union Texas division of Allied maintain offices in New York City" (Id., ¶ 7) is thus obviously not complete insofar as it does not, and obviously cannot, include officers of Allied other than in the Union Texas division.

Mr. Keir tells us that Mr. Teverbaugh is no longer president of the Union Texas division. He does not, however, deny that Mr. Teverbaugh, who has an office in Morristown, is a director of Texgas Service Stations, Inc. and an officer of Allied and Mr. Keir does not tell us whether or not Mr. Teverbaugh has a continuing relationship with the Union Texas division.

Finally, as stated, the newspaper clippings which purport to show a Texaco presence in Houston are beside the

point. As the articles themselves indicate, Texaco's Houston facilities are regional, and Houston is but one of several regions. Exhibit A to the Keir Supplemental Affidavit shows that all credit cards east of the Mississippi and many west of the Mississippi are handled from Richmond, Virginia. Exhibit B shows that Houston was one of 10 regional offices and now will be one of five such offices.

The fact that Texaco's pipe lines, engineering and gas computer services are located in Houston (Exhibit C), is simply irrelevant to this action and this motion. Texaco's personnel who are material to this action are based in New York. Thus, when viewed in terms of the personnel appropriately to be considered on this motion, this case becomes, at most, in defendant's words, one where "the offsetting inconveniences of the two fora would be apparent, and Texaco's choice [of forum] would be significant." (Def. Reply Mem., p. 6) Indeed, in light of defendant's substantial presence in this area, the facts demonstrate conclusively that the action should remain here.

II

Allied's novel legal argument that it is entitled to a Texas jury is without merit.

Defendant has no right to a jury in an action such as this. Actions for trademark infringement and unfair com-

petition historically and to date have been regarded as equitable in nature. No right to a trial by jury is extended to such actions. Coca-Cola Co. v. Cahill, 330 F. Supp. 354, 171 U.S.P.Q. 480 (W.D. Okla 1971), jud't after trial aff'd, 480 F.2d 153 (10th Cir. 1973); Coca-Cola Co. v. Wright, 55 F.R.D. 11, 171 U.S.P.Q. 754 (W.D. Tenn. 1971); Kimberly-Clark Corp. v. Kleenize Chemical Corp., 135 U.S.P.Q. 123 (N.D. Ga. 1962); B & L Sales Associates v. H. Daroff & Sons, Inc., 421 F.2d 352 (2d Cir. 1970) (noting the unreported decision of Judge Tyler in that trademark case striking a jury demand as did the courts in the other cited decisions).

Similarly, plaintiff's request for an order directing the Commissioner of Patents and Trademarks to cancel defendant's federal trademark registrations is a remedy created by the Trademark Act, 15 U.S.C. §1119. Pursuant to said provision "the court may determine the right to registration, order the cancellation of registrations...and otherwise rectify the register..." (emphasis added). Clearly, this statutory remedy is not one "declared by the Seventh Amendment to the Constitution or...given by a statute of the United States" as requiring a jury trial. Rule 38, Fed.R.Civ.P. Accordingly, defendant is not entitled to a jury trial on any of the issues raised by this case.

As shown the issues in this action are entirely equitable in nature. For this reason, this case is clearly

distinguishable from Dairy Queen v. Wood, 369 U.S. 469 (1962), cited by defendant. (Def. Reply mem., p. 1). There the gravamen of the complaint was for damages for breach of contract, coupled with a request to enjoin defendant from continuing to use plaintiff's trademark. Defendant's only claim to such continued use was that the termination of its contract was improper. 369 U.S. 475. If defendant was correct in its view, then its contract with plaintiff was still in force and defendant had a contractual right to use plaintiff's mark. Thus, the claim for injunctive relief depended entirely on the legal issues of breach of contract.

Under the facts in Dairy Queen, the Supreme Court held that the right to a jury trial on the legal issues of breach of contract could not be subverted by the related and subordinate request for equitable relief in the form of an injunction and an accounting. As such, Dairy Queen simply does not apply to the case at bar where there is no contractual arrangement between the parties and the issues are entirely equitable in nature.

This distinction has been expressly accepted and followed by three different district courts, Coca-Cola Co., v. Cahill, supra; Coca-Cola Co. v. Wright, supra; Kimberly-Clark Corp. v. Kleenize Chemical Corp., supra:

PLAINTIFF'S REBUTTAL MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE

> "As Plaintiff's Complaint is clearly and historically a suit in equity and is not an action for damages for breach of contract as in Dairy Queen, supra, the Defendants are not entitled to the right of trial by jury and their Motion to Reconsider Demand for Jury Trial should be denied." Coca-Cola Co. v. Cahill, 330 F. Supp. at 356.

> "Plaintiff's Complaint is clearly essentially and by historical basis a suit in equity and damages are only incidental thereto; accordingly, defendants are not entitled to the right of trial by jury and the plaintiff's Motion to Strike Defendant's Demand for Jury Trial is hereby granted." Coca-Cola Co. v. Wright, 55 F.R.D. at 12, 13.

> "To differentiate the present case from the Dairy Queen case, the plaintiff's complaint in the case at bar seeks not only equitable relief but, more importantly, plaintiff's cause of action is based on equitable rules of law. As this Court stated, in its order of May 23, 1961, an action for unfair competition is inherently equitable in nature and, where rights are based on equitable principles, a jury demand is inappropriate." Kimberly-Clark Corp. v. Kleenize Chemical Corp., 135 U.S.P.Q. at 123, 124.

The decision of Judge Tyler of this Court in B & L Sales Associates v. H. Daroff & Sons, Inc., supra, simply granted in a trademark case without explanation a motion to strike a jury demand. But his decision was six years after that in Dairy Queen and court records indicate that the effect of Dairy Queen was there argued. Consequently, defendant's arguments with respect to juries are misdirected and are totally irrelevant to this motion.

PLAINTIFF'S REBUTTAL MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Defendant also makes another novel argument that the practice in some negligence cases of "viewing the premises" should by analogy be extended in a trademark case to "viewing the market". Even assuming arguendo that this case would be tried to a jury, it does not follow that the "availability to view the market where both TEXACO and TEXGAS products appear should be a prime consideration in this case favoring transfer." (Def. Reply Br., p. 3).* There is no authority or logic for "viewing the market". A jury in a trademark case would not leave the courtroom. The competitive market is essentially nationwide since Allied sells east of the Rocky Mountains under the TEXGAS mark, and we are not aware of any precedent or logic which would suggest that a jury sitting in a courtroom in New York would be unable to evaluate the evidence of market behavior nationwide whereas one in Texas would.

The only case plaintiff cites in support of its position, Chance v. E. I. du Pont De Nemours & Co., Inc., 371 F. Supp. 439 (S.D.N.Y. 1974: Weinstein, J.), is plainly inapposite on its facts. That case involved thirteeen claims by children arising out of twelve unrelated blasting cap accidents none of which took place in New York. Each of

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*Professor Moore, in listing the private interests of litigants relative to a transfer motion stated:

> "...possibility of view of premises, if view would be appropriate to the action." 1 J. Moore, Federal Practice ¶0.145[5], at 1623 (2d ed 1974) (emphasis added).

In citing Moore, movant ignored the obvious limitation of relevancy of a view to the nature of the action.

the plaintiffs were citizens of the states in which their injury occurred. Having determined that the substantive law of twelve different foreign states governed the plaintiffs' claims, Judge Weinstein severed the claims and transferred each of the cases back to the respective home forums of each of the plaintiffs. Under the circumstances, Judge Weinstein's obiter dicta concerning a jury's role in state law personal injury actions have no relevance whatsoever to a federal trademark case. Indeed, since New York law -- not Texas law -- governs the related state law claims under the New York statute in the case at bar; the Chance decision supports retention of the action in New York where the courts "...would be more familiar with their own state law, more adept at researching and applying it..." than would the Texas courts. 371 F. Supp., at 449.

III

Defendant's arguments with respect to the advantages to it of a Texas court center not on objective factors relating to the convenience of parties and witnesses, but rather upon the personal predilections of potential jurors in Houston and in New York respectively.* Defendant, for reasons of its own, appar-

*Plaintiff's choice of the New York forum does not rest upon the predilections of jurors since plaintiff does not contemplate a jury trial and, for the reasons already discussed, maintains that a jury trial is inappropriate in this case.

ently feels that a Texas jury would somehow be more favorably disposed to its cause than a local jury. Even were a jury trial appropriate, which it is not, such calculations can only be characterized as forum shopping.

The federal courts, and this Court in particular, have shown little sympathy for arguments of this sort. Wherever forum shopping has been detected, it has been strongly construed against the party whose arguments have been so tainted. As this motion itself is undisguised forum shopping, the motion should for this reason alone be rejected out of hand.

Finally, defendant urges that a federal court in Texas is somehow better equipped to resolve the issues of federal law involved here than a federal court sitting in the Southern District of New York. But as the Fourth Circuit long ago pointed out:

> "...the courts of one District or Circuit must be presumed to be as able and as well qualified to handle litigation as those in another." Carbide & Carbon Chemicals Corp.

v. United States Industrial Chemicals Inc., 140 F.2d 47, 49 (4th Cir. 1944).

Defendant's contentions, therefore, are without merit.

Respectfully submitted,

By _____
Mercer L. Stockell, Esq.
James B. Swire, Esq.
Rogers Hoge & Hills
Office and Post Office Address
90 Park Avenue
New York, New York 10016
Tel. (212) 953-9200

William P. Walsh, Esq.
Suite 2408
135 East 42nd Street
New York, New York 10017
Tel. (212) 953-6079

Of Counsel:

William R. Golden, Jr.

LETTER FROM ROGERS, HOGE & HILLS TO COURT, AUGUST 15, 1975.

August 15, 1975

The Honorable Lawrence W. Pierce
United States District Judge
United States District Court
Southern District of New York
Foley Square, New York

Re: Texaco, Inc. v. Allied Chemical Corporation
75 Civ. 327 (LWP)

Dear Judge Pierce:

This is in reference to defendant's motion to transfer this action to the Southern District of Texas, Houston Division, now pending before Your Honor. In defendant's initial memorandum in support of said motion (pp. 25, 26) and in the affidavit of John F. Lynch, Esq. of June 6, 1975 in support of the motion (pp. 5, 6), defendant argued "that the docket in the Southern District of Texas will permit a speedier trial."

It has just come to our attention that, because of calendar congestion in the Southern District of Texas, the Chief Judge of the District has issued an order directing that the highest priority be given to criminal cases and stating, inter alia, "All Judges are asked to refrain from disposing of any civil matters and act only on those situations of extreme emergency." A copy of said order of June 7, 1975 is attached hereto.

As appears from said order, the principal area of calendar congestion in the Southern District of Texas is the Houston Division.

Respectfully submitted,

ROGERS HOGE & HILLS

By_____
Attorneys for Plaintiff

JBS:as
cc: Fish & Neave
BY HAND bc: William F. Walsh, Esq.

ORDER ATTACHED TO FOREGOING LETTER OF ROGERS, HOGE & HILLS.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS

CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
FILED
JUN 7 1975
V. BAILEY THOMAS, CLERK
BY DEPUTY: Laura V. Garza

O R D E R

Because of the impending implementation of the Speedy Trial Act and its demanding timetable for the disposition of criminal cases, I find it absolutely necessary that all of the Judges of this Court give their full attention to the disposition of all criminal cases pending on the docket of the Court, so as far as possible to dispose of all criminal cases that are pending by September 29th, on which date the first set of time limitations are to be applied under said Act. It is hoped that by that date we have no criminal case pending which is more than sixty days old from the time of indictment or criminal information filed.

In order to achieve this goal, I am requesting that all Judges of this Court give the highest priority to the disposition of all criminal cases on the docket of the Court, regardless of whose individual docket the case is assigned to.

In the Houston Division, I am assigning Senior Judge Ben C. Connally as coordinating Judge for the purpose of calling all

ORDER ATTACHED TO FOREGOING LETTER OF ROGERS, HOGE & HILLS

pending criminal cases in the Houston Division for preparation for trial as expeditiously as possible.

I ask that all Judges of the Houston Division make themselves available beginning on Monday, July 7th, and every Monday thereafter, for the trial of criminal cases until our goal has been achieved. Judge Singleton is ordered to have available on July 7th a panel of sufficient jurors to dispose of said criminal cases.

All Judges are asked to refrain from disposing of any civil matters and act only on those situations of extreme emergency.

I ask that all planned vacations be cancelled until our goal has been achieved.

Judge Cox, Judge O'Conor and the undersigned will dispose of the criminal matters that are subject of being disposed in like manner, with a view of complying with the same goal outlined above. If their dockets are such that they can make themselves available in Houston, they will notify Judge Connally of their availability. If the dockets in Laredo, Victoria, Corpus Christi or Brownsville necessitate the availability of additional Judges for their disposition, they will coordinate the same with Judge Ben C. Connally and the undersigned.

The United States Attorney, the Honorable Edward B. McDonough, Jr., will be furnished a copy of this Order and is being asked to assign a sufficient number of Assistant United States Attorneys for the disposition of the criminal docket. Mr. McDonough

ORDER ATTACHED TO FOREGOING LETTER OF ROGERS, HOGE & HILLS

will coordinate his efforts in Houston with Judge Connally and with Judge Cox, Judge O'Conor and the undersigned to achieve our goal.

A copy of this Order will also be made available to the United States Marshal with instructions to expedite the serving of subpoenas and the making of witnesses that have to be transported by the United States Marshal from other institutions available as expeditiously as possible.

The Clerk of this Court will make available to Senior Judge Ben C. Connally immediately a list of all pending criminal cases in the Houston Division and will make available to Judge Connally sufficient clerical help to carry out the burdensome duties imposed on him by this Order. The same attention shall be paid by the Clerk to the criminal dockets in our other Divisions, so that no pending criminal case that is triable will be left by September 29th that is more than sixty days old from the time of indictment or criminal information being filed.

I am asking that all Judges and supporting personnel of the United States District Court for the Southern District of Texas be martialed for the expedited disposition on the highest priority of all criminal cases pending in the Southern District of Texas.

The Clerk will file a copy of this Order in the minutes of every Division of this Court, furnish a copy to every Judge

ORDER ATTACHED TO FOREGOING LETTER OF ROGERS, HOGE & HILLS

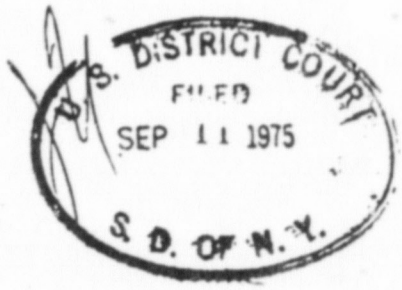
thereof, to the United States Attorney, the United States Marshal, and to every Magistrate.

The Clerk shall also make available a copy of this Order to all counsel in all of our pending criminal cases, so that they may be made aware of the impending disposition of their criminal cases and for their full cooperation as officers of the Court.

DONE at Brownsville, Texas, this 7th day of June, 1975.

Reynaldo G. Garza
CHIEF JUDGE

AFFIDAVIT OF JOHN F. LYNCH IN CONNECTION WITH DEFENDANT'S MOTION FOR A CHANGE OF VENUE.



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

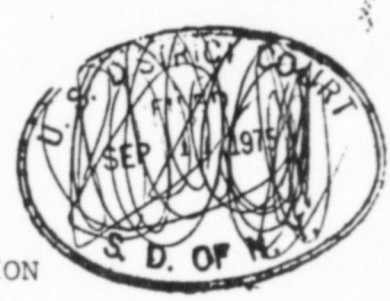
TEXACO INC.,

Plaintiff,

vs. : 75 Civ. 327 (LWP)

ALLIED CHEMICAL CORPORATION,

Defendant.



AFFIDAVIT OF JOHN F. LYNCH
IN CONNECTION WITH ALLIED'S MOTION
FOR A CHANGE OF VENUE

STATE OF TEXAS)
) ss.:
COUNTY OF HARRIS)

John F. Lynch, being duly sworn, deposes and says:

1. I am an attorney representing defendant Allied Chemical Corporation in the above-identified action, and make this affidavit in connection with Allied's Motion For a Change of Venue;

2. Following receipt of the letter of August 15, 1975 to the Court from plaintiff's counsel, Rogers Hoge & Hills, enclosing a copy of the June 7, 1975 Order of Chief Judge Reynaldo G. Garza of the Southern District of Texas, I called

AFFIDAVIT OF JOHN F. LYNCH IN CONNECTION WITH DEFENDANT'S MOTION FOR A CHANGE OF VENUE

Mr. Eddie Knoblauch, a Deputy Clerk of the United States District Court for the Southern District of Texas, Houston Division;

3. Upon my inquiry, Mr. Knoblauch informed me that the Court had been directing attention to criminal cases, and that it appeared that the Southern District of Texas would meet the schedule set forth in Judge Garza's Order. By September 29, 1975, Mr. Knoblauch anticipated that all criminal cases in which an indictment or criminal information had been filed for more than sixty days will have been tried, and the Court will resume normal attention to civil cases.

John F. Lynch

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, on this 25th day of August, 1975.

Yolanda S. Hinojosa
Notary Public in and for
Harris County, Texas

OPINION AND ORDER NO. 43089 OF LAWRENCE W. PIERCE, D.J.,
DATED SEPTEMBER 17, 1975.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

TEXACO, INC.,

Plaintiff,

- v -

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327

----------x

FILED
SEP 17 5 55 PM '75

#43089

APPEARANCES:

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90 Park Avenue
New York, New York 10016

Attorneys for Plaintiff

FISH & NEAVE
277 Park Avenue
New York, New York 10017

Attorneys for Defendant

MICROFILM
SEP 22 1975

LAWRENCE W. PIERCE, D.J.

OPINION AND ORDER

Texaco, Inc. brought this action for infringement of federally registered trademarks, alleging that defendant Allied Chemical Corporation has marketed motor gasoline and liquified petroleum gas ("LPG") under the trademark TEXGAS, and that the use of that mark infringes upon plaintiff's prior

mark TEXACO and a series of other trademarks of plaintiff's which embody the prefix TEX. Plaintiff alleges that its mark is uniquely associated with its products, and that over the years TEXACO and the TEX prefix have achieved significant consumer recognition. Specifically, plaintiff charges that in 1971, defendant began nationwide advertising of the TEXGAS mark, through a full-page ad in a national periodical. Texaco claims that TEXGAS has produced actual confusion among purchasers as to the source of TEXGAS products, and that defendant Allied has thus appropriated plaintiff's goodwill. Further, plaintiff alleges that Allied's federal registration of the mark TEXGAS was procured through fraud on the United States Patent and Trademark Office, in that Allied knew of plaintiff's prior rights and knew of the likelihood of confusion, yet stated to the contrary in its application.

Thus, plaintiff charges defendant with trademark infringement in violation of 15 U.S.C. §1051 et seq., violations of 15 U.S.C. §1125(a) which prohibits false designation of origin of goods shipped in interstate commerce; dilution of plaintiff's distinctive corporate and trade name in violation of N.Y. Bus. Corp. L. §368(d); and unfair competition at common law. For relief, plaintiff demands that defendant and all those in concert with the defendant be enjoined from the

use of the TEXGAS mark; that defendant account to plaintiff for profits and pay damages for violation of 15 U.S.C. §1125(a), including treble damages for trademark infringement; and that defendant's federal registration of TEXGAS be declared invalid and be cancelled.

Defendant has not answered plaintiff's complaint; instead, Allied now moves before this Court in three separate motions attacking plaintiff's action here. First, Allied moves to dismiss for plaintiff's failure to join a party needed for just adjudication under Rule 19 Fed.R.Civ.P. Second, Allied moves for an order of this Court transferring this action to the United States District Court for the Southern District of Texas pursuant to 28 U.S.C. §1404(a). Third, Allied moves to strike the allegations of fraud upon the Patent and Trademark Office for failure to plead the fraud with particularity, as required by Rule 9(b) Fed.R.Civ.P.

I. Motion to Dismiss for Failure to Join

Defendant's first motion is based on the claim that its wholly-owned subsidiaries, Texgas Corporation and Texgas Service Stations, Inc. ("TSSI") each claim an interest in the controversy, and that those interests will be impaired in the event of disposition in their absence. According to defendant, TSSI is not doing business in New York and thus is

not amenable to process in this action. TSSI and Texgas Corp. market Allied's TEXGAS motor gasoline in a number of states under the challenged mark; Allied also sells TEXGAS gasoline to independent third parties, some of whom employ the TEXGAS mark. Allied asks this Court to declare both TSSI and Texgas Corp. necessary parties, and moves for dismissal in that while Texgas Corp. is subject to process here, TSSI is not. It is to be noted that defendant does not assert that Texgas Corp. or TSSI have any ownership rights in the TEXGAS mark; rather, defendant claims that its two subsidiaries have acquired, through use of the mark, certain rights "akin to ownership." Plaintiff's papers in opposition assert that Texgas Corp. and TSSI are not necessary or indispensable; that TSSI could be joined in any event; and that this Court "in equity and good conscience" could decide that the action may proceed between the current parties, Texaco and Allied.

Rule 19(a) Fed.R.Civ.P. provides that a person subject to service of process shall be joined in an action if (1) complete relief cannot be afforded without such joinder, or (2) if the person not joined claims an interest in the controversy and is so situated that disposition without joinder may (i) as a practical matter impair his ability to protect that

interest, or (ii) raise the possibility of multiple liability or inconsistent obligations on the part of those already parties. Rule 19(a) thus describes what has been referred to as "necessary" parties, who must be joined if joinder is possible. Only if a non-joined person is "necessary" and beyond the reach of the court, must the analysis proceed to determine whether the absent person is "indispensible" under the separate criteria of Rule 19(b). The remedy sought by Allied on this motion, dismissal, will result only if Texgas Corp. or TSSI are found to be necessary under Rule 19(a), not subject to service of process, indispensible under Rule 19(b), and unable to be protected from prejudice by special shaping of relief. However, if full relief can be afforded in the absence of the non-joined persons, or if plaintiff will be denied an adequate remedy in the event the action is dismissed for non-joinder, or if the Court determines that "in equity and good conscience" the action may proceed between the parties before it, then the motion to dismiss must be denied.

As is clear from the language of the Rule, "the philosophy of present Rule 19 is to avoid dismissal whenever possible . . . ." Yonofsky v. Wernick, 362 F.Supp. 1005, 1023 (S.D.N.Y. 1973) (citation omitted). In fact, if the

absent persons are not necessary under Rule 19(a), then the question of dismissal does not even arise. Id. at 1024.

There exists persuasive authority that subsidiary corporations who make use of a trade name owned by their parent corporation are not necessary parties to an infringement action against the parent. American Plan Corporation v. State Loan and Finance Corporation, 278 F.Supp. 846 (D. Del. 1968). In American Plan, plaintiff sought an injunction against the defendant prohibiting the use of the name "American Plan" in its business and in the business of its subsidiaries, who had not been made parties. After concluding that complete relief could be afforded between the present parties, the court observed that

> "The absence of the subsidiaries does not impair or impede their ability to protect their interests since as a practical matter their interests are being actively and adequately protected by the defendant." (Id. at 848-49).

This Court must examine the elements of Rule 19(a) in light of the relief sought here. As noted above, plaintiff seeks an injunction against use of the mark, an accounting of profits, treble damages, and cancellation of the TEXGAS mark. It appears from the moving papers that the TEXGAS mark is owned solely by Allied; thus, the remedies of accounting, damages

and cancellation clearly can be achieved through jurisdiction over the parties now before the Court. Only the request for an injunction involves Texgas Corp. and TSSI. Yet it is clear that an injunction issued pursuant to Rule 65(d) Fed.R.Civ.P. binds not only the parties before the court but also their agents and those "in active concert or participation with them." The depositions and affidavits before the Court reveal that personnel of Allied are directly involved in the activities of the two subsidiaries, and that Allied supplies the subsidiaries with TEXGAS advertising and promotional materials. Thus, it appears that an injunction entered in this case would operate to bind Allied's wholly-owned subsidiaries Texgas Corp. and TSSI. Even if TSSi and Texgas Corp. are to be considered tortfeasors joint and severally liable for infringement, that does not make them indispensible or necessary parties for purposes of Rule 19. Wells v. Universal Pictures Co., 166 F.2d 690, 692 (2d Cir. 1948); Decorative Cabinets Corp. v. Stor-Aid of Ohio, Inc., 10 F.R.D. 266, 268 (S.D.N.Y. 1950). Rather, joinder of joint tortfeasors is merely permissive under Rule 20 Fed.R.Civ.P. See Advisory Committee's Note to Amended Rule 19, 39 F.R.D. 69, 91 (1966).

Certainly, if Texgas Corp. or TSSI were separate co-owners of the TEXGAS mark along with Allied, then joinder would be required. See Switzer Brothers, Inc. v. Byrne, 242 F.2d 909 (6th Cir. 1957). That is not the case here; Allied claims only that its subsidiaries have an interest "akin" to ownership. In this Court's view, a declaration of indispensibility based solely upon use of the trademark would require joinder of every independent gas station which sells under the name TEXGAS, a result impossible in any one forum.

Allied's arguments that its subsidiaries are separate and distinct corporate entities invite this Court to ignore the realities of business relationships which exist between a company and its wholly-owned subsidiaries. Allied asserts that control over both Texgas Corp. and TSSI "is exercised in the normal manner, whereby the shareholders elect a Board of Directors who then determine the management policies . . . ." (Def. Memo at 4). Yet Allied admits that the sole stockholder of both Texgas Corp. and TSSI is Allied itself.

The Court concludes that complete relief can be afforded in this action solely through jurisdiction over

Texaco and Allied; the interests of Texgas Corp. and TSSI, such as they are, are fully and adequately protected by their parent, defendant Allied. There is no possibility that non-joinder will result in multiple liability or inconsistent obligations. Thus, neither Texgas Corp. nor TSSI being necessary parties under Rule 19(a), the provisions of Rule 19(b) are not considered, and defendant's motion to dismiss for failure to join is denied.

II. Motion to Transfer Pursuant to 28 U.S.C. §1404(a)

In its second motion, defendant Allied moves before this Court for an order pursuant to 28 U.S.C. §1404(a), transferring this action to the United States District Court for the Southern District of Texas, Houston Division. In support of its motion, Allied alleges that the present action could have been brought in Texas; that the convenience of the parties would be served by transfer, in that both parties are present there and TEXGAS products are sold principally there; that transfer would allow the joinder of Texgas and TSSI; and that evidence and witnesses relevant to the long use of the TEXGAS mark and the common nature of TEX-prefixed marks are located in or are more convenient to Houston. The gravamen of Allied's transfer motion appears to be the position that a

suit in Texas will better allow it to prove a yet unpleaded defense of laches. Allied alleges that not only have the marks TEXGAS and TEXACO co-existed in Texas for many years, but further that employees of Texaco who are located in Texas long have acquiesced in the use of the TEXGAS mark. Finally, defendant states that the docket in the Southern District of Texas will permit a speedier resolution of this case than would the docket in this court.

Plaintiff Texaco opposes the transfer motion, asserting that both parties are doing business in New York, that plaintiff's claim arose in part in New York, and that the great majority of witnesses which plaintiff considers material, i.e., the corporate officers of both parties, are within the jurisdictional reach of this Court. Plaintiff asserts that its choice of forum must be accorded great weight, and urges this Court to conclude that defendant has not overcome its heavy burden of showing that transfer is desirable.

Both parties have supplied the Court with affidavits of attorneys and corporate officers, detailing the manner of operations of each side, identifying the location of crucial documentary evidence, and describing the nature of testimony to be offered and the location of the witnesses who will supply

that testimony. Defendant states that Texas employees of its Union Texas Division, as well as of Texgas Corp., TSSI and of plaintiff Texaco will be crucial to establishing the history of the TEXGAS marks. Further, defendant supplies the Court with two maps, the first showing TEXGAS motor gasoline retail outlets centered primarily in the Texas and Tennessee area, and the second showing TEXGAS LPG outlets spread throughout the eastern half of the United States, with concentrations in the Mississippi Valley, the Texas gulf region, Florida, and in four northeastern states, including New York.

Not surprisingly, Texaco reveals a different strategy in its assessment of material evidence. Texaco plans to offer historical evidence of its own marks' histories, through documents said to exist at Texaco's New York headquarters. Plaintiff asserts that it is a highly centralized corporation, with all its policymakers present in New York City. Further, Texaco plans to offer "confusion" evidence from its own employees scattered throughout the northeast. Texaco admits that it has significant Houston operations, but asserts that both Texaco and Allied are national corporations, and that TEXACO is a nationally recognized trademark. Plaintiff disputes whether Allied even sells any LPG in Texas which is marketed under the challenged trademark TEXGAS, citing

depositions for the proposition that all LPG sold by Allied in Texas is sold to independent jobbers who do not employ the TEXGAS mark. Finally, Texaco notes that its complaint is based in part upon advertising which occurred in the northeast, and that its action states a pendent cause of action under New York law.

Despite the disagreements between the parties as to the interests of justice on this motion, in this Court's view the material factors are not in dispute. Plaintiff Texaco is a Delaware corporation with its principal place of business in New York City. Allied Chemical is a New York corporation with its principal place of business in Morristown, New Jersey, well within the jurisdictional reach of this Court under Rule 45(e) Fed.R.Civ.P. The parties each are full owners of their respective trademarks, and, as the Court has already concluded, Allied's Texas subsidiaries are not necessary parties to this action.

Plaintiff's complaint states a cause of action that appears national in scope, yet defendant's laches defense will doubtless rely on facts and circumstances occurring or existing primarily in Texas. Thus, it appears that there will be inconvenience to some party regardless of where this case is tried. However, given the weight to

be afforded plaintiff's choice of forum, the rule is that a court will order "transfer to a more convenient forum, not to a forum likely to prove equally convenient or inconvenient." VanDusen v. Barrack, 370 U.S. 612, 645-46 (1964).

It is not questioned in this Circuit that plaintiff's choice of forum is a factor to be afforded weight. Allied International Products Ltd. v. Textron Industries, Inc., 382 F.Supp. 210, 213 (S.D.N.Y. 1974); Houghton-Mifflin Co. v. National Computer Systems, Inc., 378 F.Supp. 592, 596 (S.D.N.Y. 1974) (plaintiff's choice "entitled to great deference"); Lehn & Fink Products Corp. v. Milner Products Corp., 117 F.Supp. 320 (S.D.N.Y. 1953) (trademark infringement action). Accordingly, the burden is on the moving party to show that transfer is proper; the burden is a heavy one, and evidence of inconvenience in the chosen forum is not sufficient; defendant must show more convenience in the transferee district. Sinclair Oil Corporation v. Union Oil Co., 305 F.Supp. 903, 904 (S.D.N.Y. 1969).

> "The forum properly selected by a party should not be disturbed unless the movant clearly demonstrates that the balance of convenience and justice weighs heavily in favor of transfer." Blue Bell, Inc. v. Jaymar-Ruby, Inc., 311 F.Supp. 942, 942-43 (S.D.N.Y. 1969) (action for trademark infringement).

With the nature of the movant's burden in mind, the Court must examine the factors to be considered in a §1404(a) motion. These factors have been stated as including:

> "(1) the convenience of the parties; (2) the convenience of witnesses; (3) the relative ease of access to sources of proof; (4) the availability of process to compel attendance of unwilling witnesses; (5) the cost of obtaining willing witnesses; (6) the practical problems indicating where the case can be tried more expeditiously and inexpensively; and (7) the interests of justice, a term broad enough to cover the particular circumstances of each case." Schneider v. Sears, 265 F.Supp. 257, 263 (S.D.N.Y. 1967); accord, Saminsky v. Occidental Petroleum Corp., 373 F. Supp. 257, 258 (S.D.N.Y. 1974); Goldstein v. Rusco Industries, Inc., 351 F.Supp. 1314, 1317 (E.D.N.Y. 1972).

As regards the convenience of parties, the Court notes that both plaintiff and defendant have their principal places of business within the jurisdictional reach of this Court. Defendant is a New York corporation, and the metropolitan area appears to be the center of both company's marketing and purchasing activities. See Formflex Foundations, Inc. v. Cupid Foundations, Inc., 383 F.Supp. 497, 499 (S.D.N.Y. 1974). Even where the defendant is an out-of-state corporation, motions to transfer have been denied when the defendant has been shown to have significant contacts with this state. Houghton-Mifflin, supra, at 595-96. The causes of action stated by plaintiff occurred in part within this state; see

Vanity-Fair Mills v. T. Eaton Co., 234 F.2d 633 (2d Cir.), cert. denied, 352 U.S. 871 (1956); RFD Group, Ltd. v. Rubber Fabricators, Inc., 323 F.Supp. 521, 526-27 (S.D.N.Y. 1971); compare Ryer v. Harrisburg Kohl Bros., 307 F.Supp. 276, 279 (S.D.N.Y. 1969). In sum, the first factor indicates that as far as the parties before this Court, New York is a more convenient forum than Texas.

The convenience of witnesses' factor truly divides the parties. Plaintiff's case will rest primarily upon New York and northeast witnesses; defendant's laches defense will rest primarily upon Texas witnesses. However, in regard to both the convenience of witnesses and the location of documents, a court must not disturb plaintiff's choice where a transfer would merely shift the inconvenience from one party to the other. Blue Bell, Inc., supra, at 943. As regards compulsory process to produce unwilling witnesses, the Court has noted that both party's headquarters are within the reach of Rule 45(e) Fed.R.Civ.P. Further, it is unlikely that there will be significant problems of unwilling witnesses in this action; it appears that the pertinent witnesses are in any event under the control of the parties before the Court. This fact also goes to the expense of transporting witnesses. This Court is

"not convinced that defendant would suffer any oppressive or unusual expense or inconvenience in transporting its own employees to New York, where it does business." Schmidt v. American Flyers Airline Corp., 260 F.Supp. 813, 814 (S.D.N.Y. 1966). Again, a mere shifting of inconvenience is insufficient to overcome the presumption against transfer. Blue Bell, supra.

The practical problems of trying this case relate to, inter alia, the relative size of dockets in the respective courts. While some courts have considered the congestion of dockets on motions to transfer, e.g., Allied International, supra, at 213, court calendars cannot be considered decisive. Brody v. American Medical Association, 337 F.Supp. 611, 613 (S.D.N.Y. 1971); Blue Bell, supra, at 944. This Court is not inclined to give much weight to such a factor, especially here where the parties disagree as to the likelihood of a speedier trial in Texas.

The final factor to be considered is the broad concept of the interests of justice. Under this heading the Court notes that plaintiff states a pendent cause of action under New York law; such a claim is best adjudicated by a federal court familiar with local law. Brody, supra, at 613-14. The Court does not ignore the fact that defendant's laches defense

might be more conveniently presented in Texas; however, plaintiff's complaint states a claim national in scope, and the advertising activities of defendant which occurred in this region are said to be one basis of the action.

Defendant has failed to show affirmatively that the Southern District of Texas would be a more convenient forum than that chosen by the plaintiff. Accordingly, the motion to transfer must be denied.

III. Motion to Strike Pursuant to Rule 9(b).

In paragraph 23 of its complaint, plaintiff names three registrations of the mark TEXGAS which it alleges to be invalid. Plaintiff demands cancellation of these marks because of the infringement of plaintiff's prior rights and

> "because each said registration was obtained fraudulently in that, contrary to the statement of the applicant for such registration, the applicant was then well aware of plaintiff's trademark TEXACO, of plaintiff's rights thereto and of the likelihood of confusion, mistake and deception arising from the resemblance of the purported mark TEXGAS to plaintiff's said mark TEXACO and because all proceedings conducted by and papers filed by the applicant and subsequent owners of such registration were conducted and filed with full knowledge of plaintiff's mark TEXACO and of plaintiff's rights with respect thereto and registrations thereof."

Defendant moves to strike this clause of paragraph 23 on the ground that it fails to comply with the requirement

of Rule 9(b) Fed.R.Civ.P. that "the circumstances constituting fraud . . . sh-ll be stated with particularity." Allied states that the above-quoted clause of the complaint is "studiously vague" and that it says "absolutely nothing."

The requirements of Rule 9(b) are not to be regarded as an exception to the general policy of Rule 8(e)(1) Fed.R.Civ.P. that "each averment of a pleading shall be simple, concise and direct. No technical forms of pleadings or motions are required." Instead, the proper approach is to harmonize the respective requirements of the two Rules. 2A Moore's Federal Practice, ¶9.03 (2d Ed. 1974). Indeed, courts have harmonized the two Rules rather than viewing Rule 9 as an abrogation of Rule 8. See Essex International, Inc. v. Industra Products, Inc., 64 F.R.D. 361, 363 (N.D. Ind. 1974); CIT Finance Corp. v. Sachs, 10 F.R.D. 397, 398 (S.D.N.Y. 1950).

When the charge is fraudulent procurement of a trademark registration, allegations of false statements made by the applicant with knowledge of falsity are sufficient under Rule 9(b). Scervini v. Miles Laboratories, 11 F.R.D. 542, 543 (S.D.N.Y. 1951). The challenged clause presents a statement made to the Patent and Trademark Office, an allegation that the statement was false, and an allegation that the applicant knew of the falsity. The essential elements of fraud

have been alleged. Plaintiff's paragraph 23 gives defendant fair notice of the transaction charged and is thus sufficient under the liberal pleading policy of the Federal Rules.

Conclusion

1. The motion of defendant Allied Chemical to dismiss the complaint for failure to join a party required for just adjudication is denied.

2. The motion of defendant Allied Chemical for an order transferring this action to the Southern District of Texas is denied.

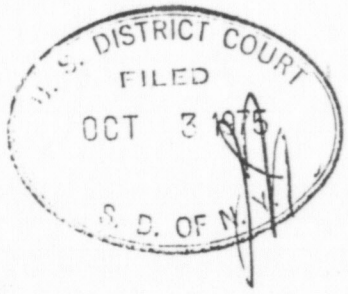
3. The motion of defendant Allied Chemical to strike the allegations of fraud contained in paragraph 23 of the complaint is denied.

SO ORDERED.

Dated: New York, New York
September 17, 1975

LAWRENCE W. PIERCE
U. S. D. J.

ANSWER AND JUPY DEMAND OF DEFENDANT ALLIED CHEMICAL CORPORATION.



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,	:	
Plaintiff,	:	
-against-	:	75 Civ. 327 (LWP)
ALLIED CHEMICAL CORPORATION,	:	ANSWER AND JURY DEMAND
Defendant.	:	

Defendant ALLIED CHEMICAL CORPORATION ("Allied"), answering the Complaint of TEXACO INC. ("Texaco") herein:

1. Admits that Texaco has purported to state a civil action and that jurisdiction is purported to be based upon the statutory provisions set forth in paragraph 1, but otherwise denies each and every allegation of paragraph 1, and specifically denies that Allied has committed any trademark infringement, false descriptions, or unfair competition, and denies that jurisdictional basis has been set forth for any claim save for infringement of federally registered trademarks.

2. Admits the allegations contained in paragraphs 2 and 3 of the Complaint.

ANSWER AND JURY DEMAND OF DEFENDANT ALLIED CHEMICAL CORPORATION

3. Denies knowledge or information sufficient to form a belief as to the allegations contained in paragraphs 4, 5, 6, and 7 of the Complaint, except admits that Texaco is a producer of petroleum products in the United States.

4. Denies knowledge or information sufficient to form a belief as to the allegations contained in paragraph 8 of the Complaint, except admits that Exhibit 1 attached to the Complaint is a photocopy of a document purporting to be Registration No. 57,902.

5. Denies that the prefix or designation "TEX" is distinctive of plaintiff Texaco or of the products of plaintiff, and otherwise denies knowledge or information sufficient to form a belief as to the allegations contained in paragraph 9 of the Complaint.

6. Denies that the prefix "TEX" is distinctive of Texaco and denies knowledge or information sufficient to form a belief as to the remaining allegations contained in paragraph 10 of the Complaint, except admits that Exhibits 2-55 attached to the Complaint purport to be photocopies of registrations set forth in paragraph 10 of the Complaint.

7. Denies knowledge or information sufficient to form a belief as to the allegations contained in paragraphs 11, 12, and 13 of the Complaint.

ANSWER AND JURY DEMAND OF DEFENDANT ALLIED CHEMICAL CORPORATION

8. Denies that any trademark or trademarks have become distinctive of plaintiff Texaco or serve to identify plaintiff's goods exclusively or to distinguish plaintiff's goods from others by virtue of the inclusion in such trademark of the prefix or designation "TEX", and otherwise denies knowledge or information sufficient to form a belief as to the allegations of paragraph 14.

9. Admits that defendant Allied is a publicly held corporation involved in the distribution and marketing of gasoline and specific other petroleum and related products, but otherwise denies the allegations of paragraph 15 to the effect that defendant Allied is involved in the operation of gasoline service stations, or the maintenance of its own retail outlets for the sale of such products, or distribution or sale of motor oil, such service stations and retail outlets, and said distribution and marketing of automotive motor oil being conducted through Allied subsidiaries Texgas Service Stations, Inc. and Texgas Corporation.

10. Denies each and every allegation contained in paragraph 16 of the Complaint, except admits that defendant Allied has used and is using the designation "TEXGAS" in connection with the advertisement and sale of gasoline and other petroleum products derived from crude oil and natural gas, and to identify gasoline service stations having branding agreements with defendant; denies that defendant

has used the designation "Texgas" in connection with gasoline service stations owned by defendant, said gasoline service stations being owned and/or operated by Texgas Service Stations, Inc., and Texgas Corporation, subsidiaries of defendant; does not deny awareness of the use of the designation TEXACO by plaintiff and certain of the other designations set forth in the Complaint, but denies the materiality of such knowledge and denies that the prefix or designation "TEX" is distinctive of plaintiff, or its products; denies each and every allegation contained in the last sentence of paragraph 16 of the Complaint.

11. Admits that defendant sponsored the advertisement in LIFE magazine, a photocopy of which is attached as Exhibit No. 56 to the Complaint, the original of which is the best evidence of the contents of the advertisement, but otherwise denies the allegations of paragraph 17, and specifically denies that advertising by or on behalf of defendant or the designation "TEXGAS" began on or about August 1971.

12. Denies each and every allegation contained in paragraphs 18, 19, and 20 of the Complaint.

13. Admits the factual correctness of the allegations of paragraph 21 of the Complaint, but denies that plaintiff has a lawful or proper right to demand that defendant discontinue use of the mark and designation TEXGAS.

ANSWER AND JURY DEMAND OF DEFENDANT ALLIED CHEMICAL CORPORATION

14. Denies each and every allegation contained in paragraph 22 of the Complaint.

15. Admits that defendant is the owner of the three registrations set forth in paragraph 23 of the Complaint but otherwise denies each and every allegation contained in paragraph 23 of the Complaint.

16. Denies each and every allegation contained in paragraph 24 of the Complaint.

IN RESPONSE TO COUNT I OF THE COMPLAINT:

17. Restates its responses to paragraphs 1 through 24 of the Complaint in response to paragraph 25 of the Complaint.

18. Denies each and every allegation contained in paragraph 26 of the Complaint.

RESPONDING TO COUNT II OF THE COMPLAINT:

19. Restates its responses to paragraphs 1 through 24 of the Complaint in response to paragraph 27 of the Complaint.

20. Denies each and every allegation contained in paragraph 28 of the Complaint.

IN RESPONSE TO COUNT III OF THE COMPLAINT:

21. Restates its responses to paragraphs 1 through 24 of the Complaint in response to paragraph 29 of the Complaint.

22. Denies each and every allegation contained in paragraph 30 of the Complaint.

ANSWER AND JURY DEMAND OF DEFENDANT ALLIED CHEMICAL CORPORATION

IN RESPONSE TO COUNT IV OF THE COMPLAINT:

23. Restates its responses to paragraphs 1 through 24 of the Complaint in response to paragraph 31 of the Complaint.

24. Denies each and every allegation contained in paragraph 32 of the Complaint.

Now comes defendant Allied, and as affirmative defenses to the Counts set forth in the Complaint, states the following:

FIRST AFFIRMATIVE DEFENSE TO THE COMPLAINT

25. Counts I through IV of the Complaint fail to state claims against defendant upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

26. Defendant's TEXGAS trademark is not likely to cause confusion with any of the alleged trademarks set forth in the Complaint

THIRD AFFIRMATIVE DEFENSE

27. Plaintiff is precluded from any recovery under the allegations of Counts I through IV by virtue of laches, acquiescence and estoppel, since plaintiff has been on actual and on constructive notice of defendant's use of the mark and designation TEXGAS for many years prior to the initiation of this action, and did not undertake to assert to defendant or any of its predecessors any putative rights in the mark

TEXGAS, the designation "TEX" or to assert that the mark TEXGAS was likely to cause confusion with any designation employed by plaintiff.

FOURTH AFFIRMATIVE DEFENSE

28. Defendant and its predecessors have adopted and used the mark and designation TEXGAS in good faith since at least as early as 1954 and have acquired common law as well as statutory rights therein (including incontestable rights under the Lanham Act, Title 15 U.S.C.) which preclude plaintiff's recovery on Counts I through IV herein.

FIFTH AFFIRMATIVE DEFENSE

29. The use of the mark TEXGAS complained of in the Complaint was with the actual and/or constructive consent of plaintiff.

SIXTH AFFIRMATIVE DEFENSE

30. All or part of the relief sought in the Complaint is barred by reason of the applicable statutes of limitations.

SEVENTH AFFIRMATIVE DEFENSE

31. By reason of the long and extensive use of the prefix "TEX" to identify services and products within the petroleum industry, and by reason of the geographically descriptive nature of the prefix "TEX," plaintiff cannot claim that such prefix is distinctive of its products or services.

ANSWER AND JURY DEMAND OF DEFENDANT ALLIED CHEMICAL CORPORATION

JURY DEMAND

Please take note that defendant Allied demands a trial by jury in this action.

Respectfully,

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DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTION FOR AN INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING IN AN ACTION IN THE TEXAS STATE COURTS.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,	:	
Plaintiff,	:	Index No. 75 Civ. 327 (LWP)
-against-	:	
ALLIED CHEMICAL CORPORATION,	:	
Defendant.	:	

DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTION FOR AN INJUNCTION ENJOINING DEFENDANT AND TWO OTHER CORPORATIONS FROM PROCEEDING IN AN ACTION IN THE TEXAS STATE COURTS

Defendant submits this memorandum in opposition to plaintiff's motion for an injunction pursuant to Rule 65, Fed.R.Civ.P., and the equitable powers of this Court, enjoining defendant and others from prosecuting an action filed by them in the District Court of Jefferson County, Texas wherein they seek a declaratory judgment, pursuant to a Texas Declaratory Judgment Statute, in connection with, inter alia, a controversy arising under the Texas Trademark Statutes, pursuant to which plaintiff has maintained certain Texas Trademark registrations.

STATEMENT OF THE CASE AND THE FACTS

On January 22, 1975, Texaco Inc., ("Texaco") brought this action against Allied Chemical Corporation ("Allied") for inter alia, unfair competition and infringement of Texaco's federally registered trademark TEXACO and other marks with the prefix "TEX". Texaco also alleged common law rights in

the designation TEXACO and the prefix "TEX". Infringement was charged based upon Allied's use of the mark TEXGAS in connection with gasoline, motor oil, and liquefied petroleum gas.

By an Opinion and Order dated September 17, 1975, this Court denied three timely motions filed by Allied and, on October 2, Allied filed an answer to the complaint in which Allied denied infringement and unfair competition and raised various affirmative defenses.

On the same day, Allied and its two wholly-owned subsidiaries, Texgas Corporation and Texgas Service Stations, Inc. (TSSI), commenced an action for a declaratory judgment in the Texas state District Court of Jefferson County, Texas. A copy of the complaint (Petition) in that action is attached as Exhibit 3 to Mr. Stockell's affidavit of October 23, 1975 submitted in support of plaintiff's application for injunctive relief.

On October 23, 1975 this matter came before the Court on plaintiff's application for a temporary restraining order. After a hearing in chambers, during which Allied's attorneys agreed to extend Texaco's time to answer in the Texas case until November 5, 1975 and to take no further action in the state court until that time, the Court directed that the matter would be treated as an application for a preliminary injunction to be decided on submission.

DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTION FOR AN INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING IN AN ACTION IN THE TEXAS STATE COURTS

On October 23, 1975, Texaco also removed the action from the District Court of Jefferson County, Texas, to the United States District Court for the Eastern District of Texas. A Motion to Remand the action to state court has been filed by Allied, Texgas Corporation, and TSSI.

Allied submits this memorandum in opposition to plaintiff's application in its present form. It will be directed to the merits of the controversy but it should be emphasized that Texaco has not even attempted to meet its initial burden under Rule 65 of the Fed.R.Civ.P., and the cases, of demonstrating that it will suffer "irreparable injury" if the motion is not granted. This should be clear from even a cursory reading of the application papers and it is Allied's position that, without reading further, Texaco's motion should be denied on that basis alone. The simple fact is that Texaco could have - but did not even attempt to - obtained the extension agreed upon in chambers by picking up the telephone rather than imposing upon the Court.

I. This Court Has No Discretion to Issue an Injunction Against Proceedings in the Texas State Courts

Texaco's attempt to obtain a preliminary injunction against proceedings in a Texas State Court in connection with a suit instituted there by this defendant and others places in issue the very important principles of federalism. It is the position of Allied that, based upon the basic constitutional doctrine of separation of powers as implemented by

Congress and interpreted by the Supreme Court, this Court has no discretion to issue the injunction requested by plaintiff.

The statute which controls here is 28 U.S.C. § 2283 which provides:

> "A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments."

Atlantic Coast Line R. Company v. Brotherhood of Local Engineers, 398 U.S. 281, 26 L.Ed. 2d 234, 90 S.Ct. 1739 (1970) contains the most authoritative interpretation of § 2283 and, Allied submits, establishes the principles which are controlling here. There, the Court held that a federal injunction against the enforcement of a state court injunction was not proper either "to protect or effectuate" the federal court's prior denial of a railroad's request for an injunction against union picketing, or as "necessary in aid of" the federal Court's jurisdiction and was, therefore, precluded by 28 U.S.C. § 2283. The Court emphasized the prohibitory nature of Section 2283:

> "On its face, the present Act [28 U.S.C. § 2283] is an absolute prohibition against enjoining state court proceedings unless the injunction falls within one of the three specifically defined exceptions. . . In 1955 when this Court interpreted this statute, it stated: 'This is not a statute conveying a broad

> general policy for appropriate ad hoc application. Legislative policy is here expressed in a clear-cut prohibition qualified only by specifically defined exception.' Amalgamated Clothing Workers v. Richman Brothers, 348 U.S. 511, 515-516, 99 L.Ed. 600, 607-608, 75 S.Ct. 452 (1955). Since that time Congress has not seen fit to amend the statute and we therefore adhere to that position and hold that any injunction against state court proceedings otherwise proper under general equitable principles must be based on one of the specific statutory exceptions to § 2283 if it is to be upheld. Moreover since the statutory prohibition against such injunctions in part rests on the fundamental constitutional independence of the States and their courts, the exceptions should not be enlarged by loose statutory construction. Proceedings in state courts should normally be allowed to continue unimpaired by intervention of the lower federal courts, with relief from error, if any, through the state appellate courts and ultimately this Court." (398 U.S. at 286-87) Emphasis added.

The Supreme Court also reaffirmed that there is no distinction between an injunction directed to a state court and an injunction directed to a party in the federal court prohibiting it from utilizing, relying upon or proceeding with the state court action.

> "It is settled that the prohibition of § 2283 cannot be evaded by addressing the order to the parties or prohibiting utilization of the results of a completed state proceeding." (398 U.S. at 287)

Texaco's assertion of the alleged involvement of its "federal rights" in the controversies between the parties does

not affect this court's inability to enjoin the state court proceedings. As further held in the Atlantic Coast case:

> "First, a federal court does not have inherent power to ignore the limitations of § 2283 and to enjoin state court proceedirgs merely because those proceedings interfere with a protected federal right or invade an area preempted by federal law, even when the interference is unmistakably clear. This rule applies regardless of whether the federal court itself has jurisdiction over the controversy, or whether it is ousted from jurisdiction for the same reason that the state court is. Cf. Amalgamated Clothing Workers, v. Richman Brothers, supra, at 519-520, 99 L.Ed. at 609-610, 75 S.Ct. 452. This conclusion is required because Congress itself set forth the only exceptions to the statute and those exceptions do not include this situation. Second, if the District Court does have jurisdiction, it is not enough that the requested injunction is related to that jurisdiction, but it must be 'necessary in aid of' that jurisdiction. While this language is admittedly broad, we conclude that it implies something similar to the concept of injunctions to 'protect or effectuate' judgments."
> (398 U.S. 294-295)

The fact is that state courts exercise concurrent jurisdiction with the Federal District Courts in Lanham Act controversies. 28 U.S.C. § 1338(a). Moreover, Texaco's complaint also alleges unfair competition by Allied and asserts infringement of common law trademark rights, neither of which provide basis for federal jurisdiction save through pendent jurisdiction. 28 U.S.C. § 1338(b). The overlap of

jurisdiction does not create interference warranting injunction.

> "In short, the state and federal courts had concurrent jurisdiction in this case, and neither court was free to prevent either party from simultaneously pursuing claims in both courts." (398 U.S. at 295)

The Supreme Court in the Atlantic Coast case concluded by describing the heavy additional burden to be met by a party seeking such an injunction, of a state court proceeding:

> "Any doubts as to the propriety of a federal injunction against state court proceedings should be reoslved in favor of permitting the state courts to proceed in an orderly fashion to finally determine the controversy. The explicit working of § 2283 itself implies as much, and the fundamental principle of a dual system of courts leads inevitably to that conclusion." (398 U.S. at 297).

Texaco's Authorities are Inapposite and Involve Injunctions Directed by One Federal Court to Proceedings in Another

Texaco has not provided this Court with any authority under which it might enjoin a state court proceedings. The cases cited by Texaco all involve one federal district court enjoining proceedings in another federal district court, although one case is misleadingly characterized in Texaco's memorandum as one where a state court proceeding was enjoined.

DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTION FOR AN INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING IN AN ACTION IN THE TEXAS STATE COURTS

At page 5 of its memorandum, Texaco cites and quotes from Montclair Electronics, Inc. v. Electra/Midland Corporation, 326 F.Supp. 839 (S.D.N.Y. 1971). From the characterization of the case one might assume that it represented an instance where the federal district court enjoined proceedings in a California state court. Such is not the case. The California state action had been removed to federal court on diversity grounds prior to the New York court's injunction staying further proceedings. 326 F.Supp. at 843, n.6. Since the New York court's jurisdiction was also predicated upon diversity, there can be no doubt that the removal was properly founded. This is why neither 28 U.S.C. § 2283 nor the Atlantic Coast decision, supra, were considered by the parties or the Court.

Hence, Montclair provides absolutely no precedent for enjoining a state court proceeding. The fact that Texaco has also attempted to remove the action in Texas to the United States Court for the Eastern District of Texas does not make Montclair any more applicable. There is no diversity between the parties in the state court action, and no basis for federal jurisdiction of the Texas case as will be amplified below.

The remaining authorities cited by Texaco are no more helpful since both involved injunctions by one federal district court against proceedings pending another.

Cresta Blanca Wine Company, Inc. v. Eastern Wine Corporation, 143 F.2d 1012 (2d Cir. 1944), cited by Texaco involved trademark infringement as does the case here. Cresta

Blanca sued Eastern for trademark infringement in New York, whereupon Eastern brought two federal counteractions in Delaware against both Cresta Blanca and its parent Schenley Distillers Corporation for trademark infringement. The court held that each action required a determination of whether the two marks involved were confusingly similar. The New York court enjoined proceedings in the Delaware case involving the same parties present in New York, but declined to enjoin proceedings in the case involving the parent of the New York plaintiff:

> "The duty to enjoin the prosecution of a proceeding later instituted in another federal district arises 'only if the controversy in each court involves the same issue and the same parties'." (143 F.2d at 1014)

Allied, Texgas Corporation, and Texgas Service Stations, Inc. are parties plaintiff in the Texas proceeding. The fact that the two subsidiaries of Allied were not deemed by this Court to be indispensible to this federal action, does not mean that the subsidiaries are not proper parties. Nor does it mean that they are not valid subsisting legal entities, with independent rights, including the right to protect their corporate name, as is more fully discussed infra. These subsidiary entities can exercise their rights to obtain a determination in any form deemed appropriate by them. The Cresta Blanca opinion supports this right and, indeed suggests, it is more appropriate for trademark issues to be resolved

"within the states where both [parties to the suit] are doing business". (143 F.2d at 1014)

Telephonics Corporation v. Lindly & Company, Inc., 291 F.2d 445 (2d Cir. 1961), similarly involved a fact situation where one federal district court directed an injunction against proceedings in another. Hence, Texaco's reliance on this case and on the excerpt quoted in Texaco's memorandum is misplaced.

The instances where a federal district court may enjoin a party from proceeding in a state action, whether prior or after filed, are closely circumscribed. The statute explicitly defines three preconditions, one of which must be satisfied. In this case, there is no express authorization by Act of Congress for issuance of an injunction by this Court. 1A J. Moore, Federal Practice ¶ 0.208 [3.-2] (1974).

Similarly, there has been no judgment in connection with this case which this Court can be called upon to protect. The only action taken to date involves a discretionary denial of action requested by Allied, a matter which is not even subject to appeal. Certainly there is no need for protection here as this Court's interlocutory rulings are - and must remain - unchallenged in this action. Even where the denial of a request for an injunction against picketing (Atlantic Coast, supra) was involved, or state action subsequent to a federal court's grant of partial summary judgment (Jett v. Zink, infra), federal injunctive relief was authoritatively held to be precluded by 28 U.S.C. § 2283. Section 2283 does not authorize a federal

court to enjoin state court proceedings prior to rendition of the federal judgment. Fantecchi v. Gross, 158 F.Supp 684 (E.D. Pa. 1957); 1A J. Moore, Federal Practice ¶ 0.224 (1974).

With respect to the remaining precondition of § 2283, an injunction in aid of a federal court's jurisdiction can be granted only to prevent the state court from so interfering with a federal court's consideration of a case as to seriously impair the federal court's flexibility or authority in the case. Atlantic Coast Line R. Company v. Brotherhood of Local Engineers, 398 U.S. 281, 295 (1970). Section 2283 may not be ignored merely because those state proceedings "interfere with a protected federal right or invade an area preempted by Federal law". Id. at 294.

The principles adopted by the Supreme Court in Atlantic Coast, supra, are of course controlling and they have been uniformly applied by the courts since then. The overwhelming wieght of following authority is indicative of the resulting reluctance of the federal courts to interfere with state proceedings even where the parties are the same, and under circumstances which, at first blush, seem far more compelling than those present here.

The prohibitions of 28 U.S.C. § 2283 apply even where an injunction is sought against the parties to a state proceeding rather than the state court itself. International Association of Machinists and Aerospace Workers v. Nix, 512 F.2d 125 (5th Cir. 1975); Ungar v. Mandell, 471 F.2d 1163 (2d Cir. 1972).

Similarly, the fact that the federal case was instituted prior to the state proceedings against which the injunction is sought is not sufficient to avoid the bar of the statute. Barancik v. Investors Funding Corporation of New York, 489 F.2d 933 (7th Cir. 1973; Jett v. Zink, 474 F.2d 149 (5th Cir. 1973), cert. den. 414 U.S. 854. The statute should be strictly construed with any doubt resolved against enjoining the state court proceedings. International Association of Machinists and Aerospace Workers v. Nix, supra; Jett v. Zink, supra; In this Circuit, this principle has been referred to as a "presumption against interference." See, International Controls Corporation v. Vesco, 490 F.2d 1334, 1348 (2d Cir. 1974).

II. The State Action Should be Permitted to Proceed Since There Are Differences Between That Action and This Federal Action

In its Memorandum Opinion on Allied's Motion for a Change of Venue, the Court noted that "Plaintiff's complaint states a cause of action that is national in scope". That may or may not be true of the action in New York, but it is not the scope of the action in Texas.

Texaco has state trademark registrations in Texas which were undoubtedly deliberatly procured by it to avail itself of rights available under Texas law. Texaco has also asserted common law trademark rights in its Complaint and a charge of unfair competition against Allied. Whatever Texaco's

position is on a national level, Allied and its subsidiaries have a right to obtain an adjudication of their rights in Texas where use has continued for over twenty years. If the determination in Texas is obtained before a trial in New York, the determinations of the Texas court may, in fact, be of considerable assistance in the proceedings in New York.

Still, the issues are not identical or even congruent. There will be no determination in Texas of dilution of the TEXACO mark under New York law. Texgas Corporation and Texgas Service Stations, Inc., although subsidiaries who might be bound by an injunction by the New York Court, cannot be said to be without any interest to protect in the Texas action. The word "TEXGAS" is in both of the subsidiaries' corporate names. They are both valid and subsisting entities - under state law - with all their attendant rights and obligations. Only the subsidiaries, to the exclusion of Allied, sell certain products under the TEXGAS mark, e.g., motor oil. Both Texgas Corporation and TSSI sell gasoline to the public under the designation TEXGAS, a designation which is not registered as a trademark for gasoline sales and hence both entities have rights in the mark by virtue of use.

Texaco now argues that the federal trademark statute has preempted the field of trademark law and controls. Texaco's own complaint thoroughly repudiates this contention. Texaco did not rely only upon federal registrations, but also alleged common law trademark rights, unfair competition, and rights under the New York state trademark dilution statute! If the Lanham Act

has preempted the field, of what significance are these pleaded causes? Indeed, Allied respectfully submits that despite Texaco's protestations, their action is in fact bottomed in common law trademark principles. It is essential that Texaco prove its allegation that "TEX" is distinctive of Texaco and, since "TEX" is not a federally registered mark, Texaco's rights therein necessarily are based in common law. It is well settled that the Lanham Act does not preempt state regulation of trademarks. La Chemise La Coste v. Alligator Company, Inc., 506 F.2d 339, 346 (3d Cir. 1974), cert. denied, ____ U.S. ____, 44 L.Ed. 2d 94 (1975); Application of State of New York, 362 F.Supp. 922, 927-928 (S.D.N.Y. 1973); M. & D. Simon Company v. R. H. Macy & Company, 152 F.Supp. 212, 213 (S.D.N.Y. 1957). Only in instances where there is a clear conflict between the explicit provisions of a state statute and the federal trademark statute will the supremacy principles of federal legislation be applied. Such was the case in Mister Donut of America, Inc. v. Mister Donut, Inc., 418 F.2d 838 (9th Cir. 1969).

The fact is that the Texas proceedings involve valid and subsisting separate entities, separate state trademark registrations under a presumptively valid state scheme which has been utilized by plaintiff itself. Different relief is sought and neither it nor any of the other factors involved in the separate proceedings constitute any interference with this Court within the meaning of the principles and authorities discussed above.

DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTION FOR AN INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING IN AN ACTION IN THE TEXAS STATE COURTS

It should be emphasized that the adjudication of various factual matters which may be common to cases pending in courts of concurrent jurisdiction does not present any actual conflict between the federal and state courts. Nor is that any realistic probability of even a potential conflict as the courts have consistently indicated that such fundamental questions of constitutional dimensions may be easily and expeditiously avoided by having prior action in one jurisdiction pleaded in - and ruled upon - by the other just as any other issue in the case. Thus, courts in both jurisdictions are competent to decide issues of collateral estoppel, res adjudicata and the like, and even to voluntarily stay action in their own proceeding in anticipation of a ruling by another court of competent jurisdiction. See generally, Jennings v. Boenning & Company, 482 F.2d 1128 (3rd Cir.), cert. denied, 414 U.S. 1025, (1973); Jett v. Zink, supra; Ungar v. Mandell, supra; Thiokol Chemical Corporation v. Burlington Industries, Inc., supra; Cf. Louis Ender, Inc. v. General Foods Corporation, 467 F.2d 327 (2d Cir. 1972), cert. denied, 410 U.S. 930 (1973).

Indeed the supremacy clause does not dictate that the state proceeding be enjoined even if its determination would significantly impact the proceedings in federal court through application of collateral estoppel. In Vernitron Corporation v. Benjamin, 440 F.2d 105, (2d Cir 1971), cert. denied 402 U.S. 987 (1971), the Second Circuit reversed a preliminary injunction granted under § 2283, and commented (4') F.2d at 108):

> "[The district court] reasoned that any factual issues determined in the state court would have a collateral estoppel effect in the federal litigation; e.g. that Vernitron would be estopped from establishing facts determined against it in the state litigation though relevant to its right under federal law. He concluded that the net effect of such estoppel would be to deprive the federal court of its exclusive jurisdiction over Securities Exchange Act claims.
>
> We disagree with this ultimate conclusion. There can be no question but that the doctrine of collateral estoppel would be applied in any instance where the state court had determined a factual issue arising in a subsequent federal litigation. . . , But, to justify an injunction of a state court action, '[i]t is not sufficient to show that the matter properly before a state court has exclusive jurisdiction over its case. . .' There is no reason why the state court cannot or should not determine issues of fact and state law relevant thereto as they come up in the state litigation. The subsequent effect of collateral estoppel, far from requiring the federal court to stay proceedings in the state court, is a result which should be welcomed to avoid the task of reconsidering issues which have already been settled by another competent tribunal. (Emphasis added)

The pleading in the state action poses questions which the state court may properly consider. If Texaco wishes to stay the state action based upon alleged harrassment or other grounds, its recourse is to request such relief from the state court itself.

III. The Unfair Competition and Common Law Trademark Infringement Alleged by Texaco Must be Determined Under Texas State Law

The unfair competition law of the states is applied in determining counts of unfair competition over which a federal

court exercises pendent jurisdiction under 28 U.S.C. § 1338(b). Maternally Yours, Inc. v. Your Maternity Shop, Inc., 234 F. 2d 538, 540, n.1 (2d Cir. 1956). This is the basis of jurisdiction of Texaco's assertions of common law trademark infringement and unfair competition.

Accordingly, it will be necessary for this Court to apply state law to a significant extent. In fact, since there are no TEXGAS sales of gasoline or motor oil in New York, and no TEXGAS service stations in New York, all the allegations of unfair competition and common law trademark infringement related to these activities would appear to require application of the law of states foreign to New York.

The determination of which state law is to be applied commences by application of the conflicts law of the forum where the federal court sits. Glenn v. Advertising Publications, Inc. 251 F.Supp. 889, 905 (S.D.N.Y., 1966). Under New York conflicts law, New York courts would apply the state law where the "center of gravity" of the entire controversy between Texaco and Allied exists. Babcock v. Jackson, 12 N.Y. 2d 473 (1963). The center of gravity of this case is hardly in New York state. There are no TEXGAS gasoline sales in New York state, no motor oil sales in New York state. Texas, on the other hand, is the focus of a long history of use of TEXGAS, and a long history of interaction and dealings between the parties.

Therefore, by any rationale, Texas law will play a

major role in the resolution of Texaco's pendent counts of common law trademark infringement and unfair competition.

Allied and its subsidiary corporations requested a complete adjudication in the Texas action that the use of TEXGAS in Texas, for over twenty years, has been "lawful and proper", i.e. that there has been no common law trademark infringement or unfair competition in Texas by virtue of the use of the mark TEXGAS. As pointed out above, Texaco's assertion that the designation "TEX" is distinctive of Texaco alone is founded on the common law of trademarks. Texas law must perforce apply to this determination in Texas.

Hence, there is nothing inequitable to the parties or inimical to this Court's jurisdiction for Allied and its subsidiaries to seek the determination initiated in Texas. The application of Texas law by the Texas court will in all likelihood be helpful to this Court's ultimate ruling the issues before it.

IV. Conclusion

Allied agrees with Texaco that the removal of the case to the Federal District Court in Beaumont, Texas "does not affect this motion". Texaco Memorandum, p.5, footnote. The present motion for an injunction is directed against a state court proceeding. For the reasons stated and upon the authorities cited, it is respectfully submitted that plaintiff's application should be denied.

DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTION FOR AN INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING IN AN ACTION IN THE TEXAS STATE COURTS

Respectfully,

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PLAINTIFF'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING WITH ACTION IN TEXAS.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

TEXACO INC.,

Plaintiff,

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

Index No. 75 Civ. 327 (LWP)

----------X

PLAINTIFF'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING WITH ACTION IN TEXAS

Plaintiff submits this memorandum in support of its motion for an injunction pursuant to Rule 65, Fed.R.Civ.P., and the equitable powers of this Court, enjoining defendant and those in concert with it from prosecuting an action filed by defendant and its two wholly-owned subsidiaries in the District Court of Jefferson County, Texas wherein they seek a declaratory judgment on the issues which are already before this Court for determination.

STATEMENT OF THE CASE AND THE FACTS

On January 22, 1975, Texaco Inc., ("Texaco") brought this action against Allied Chemical Corporation

("Allied") for inter alia, infringement of Texaco's federally registered trademark TEXACO and other marks with the prefix "TEX" by reason of Allied's ownership and use of the designation TEXGAS.

Prior to answering the complaint, Allied made three motions, including (1) a motion to dismiss the action for failure to join Texgas Corporation and Texgas Service Stations, Inc., wholly-owned subsidiaries of Allied, who were allegedly indispensable parties, pursuant to Rul 19, and (2) a motion to transfer this action to the United States District Court for the Southern District of Texas pursuant to 28 U.S.C. §1404(a). By an Opinion and Order dated September 17, 1975, this Court denied these motions, finding that Allied would fully and adequately represent the interests of its subsidiaries, and rejecting Allied's argument that Texas was more suitable than New York as a forum for this case.

On October 2, Allied filed an answer to the complaint in which, in addition to general denials, it raised a variety of affirmative defenses including a lack of likelihood of confusion acquiescence and laches, and the statute of limitations.

PLAINTIFF'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING WITH ACTION IN TEXAS

On the very same day that it joined issue herein, Allied and its two wholly-owned subsidiaries, Texgas Corporation and Texgas Service Stations, Inc., commenced an action for a declaratory judgment in the District Court of Jefferson County, Texas. In that action, Allied and its subsidiaries seek a judgment declaring that there is no likelihood of confusion between the marks of the parties within the state of Texas and that Texaco is barred from proceeding by laches, acquiescence and the statute of limitations.

Texaco's time to plead in the Texas action expires on October 27 and Allied has an obtained ex parte order permitting it to take depositions of Texaco therein, commencing on November 6.

Accordingly, Texaco moves herein to enjoin Allied and those in concert with it from proceeding with the Texas action.

PLAINTIFF'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING WITH ACTION IN TEXAS

ARGUMENT

ALLIED AND THOSE IN CONCERT WITH IT SHOULD BE ENJOINED FROM PROCEEDING WITH THE ACTION IN TEXAS PENDING RESOLUTION OF THIS CASE

Defendant's filing of an action in Texas involving the exact issues that are before this Court is an obvious attempt to evade this Court's jurisdiction and its decision refusing to dismiss this action or to transfer it to Texas. The simultaneous conduct of two proceedings will be duplicative and wasteful of the time and effort of both parties and the courts, and raises the possibility of inconsistent decisions.*

Texaco was the first to file, instituting this action in January, nine months before Allied decided to bring an action in Texas. As this Court has found, the instant action is properly placed in New York. Moreover, the decision of this Court will determine the rights of the parties nationwide, including any specific rights defendant might seek to establish in the State of Texas.

*Unless enjoined, defendant is at liberty to commence actions in the several states around the nation, thus further harassing Texaco and undermining the efficient administration of justice.

Under these circumstances, it is entirely appropriate that the Court enjoin Allied from proceeding with the Texas action* and from instituting other similar actions.

> "An historic power of a court of equity is the power to enjoin a party from proceeding in another court because this proceeding circumvents the policy of the forum issuing the injunction; because it is vexatious and oppressive; where the injunction is necessary to protect the Court's in rem or quasi in rem jurisdiction; and in other situations where equitable considerations warrant preclusion of the other proceeding." 7 Moore's Federal Practice, ¶65.19, p. 65-141 (2d Ed.). (footnotes omitted).

Montclair Electronics, Inc. v. Electra/Midland Corp., 326 F.Supp. 839 (S.D.N.Y. 1971) is a case in point. There, plaintiff, a New York corporation, sued a Delaware corporation which had no office in New York, for breach of a distributorship agreement. Defendant moved to dismiss the Complaint for lack of in personam jurisdiction and improper service, or to transfer it to California. At the same time, and five days after the New York action was commenced, defendant commenced an action against plaintiff in the California Superior Court concerning breach of the same agreement. Judge Cannella denied defendant's motions

*Plaintiff is filing a petition for removal of the Texas proceeding to the United States District Court for the Southern District of Texas, but that removal does not affect this motion.

to dismiss or transfer the action, and enjoined defendant from proceeding with the California case. He stated:

> "A district court has the power to enjoin parties before it from litigating the same controversy in another forum. See Telephonics Corp. v. Lindly & Co., 291 F.2d 445 (2d Cir. 1961); Cresta Blanca Wine Co. v. Eastern Wine Corp., 143 F. 2d 1012, 1014 (2d Cir. 1944). The Court finds after reading all the papers in support of and opposition to the plaintiff's application that the parties in the California action are identical to the ones here and that that action 'involves allegations concerning the same contract which is in dispute' here. Indeed, the defendant bases its opposition to the plaintiff's application essentially on its motions which the court has decided above. There is no refutation of the plaintiff's allegation that the defendant's complaint amounts to counterclaim(s) which may (if not must) be raised here. Since this Court has jurisdiction over the defendant, and in view of the foregoing, the plaintiff's application for an order enjoining the defendant from proceeding with its California action until entry of final judgment herein is granted, and the parties are hereby directed to settle the order within ten days in conformity with this opinion and Rule 65, F.R.Civ.P." 326 F. Supp. at 843.

In our case, as in Montclair, the parties are identical and the issues are the same.* Indeed, Allied's petition in the Texas action specifically refers to this action and alleges that the filing of this action has

*The Texas proceeding, if maintainable, would be a compulsory counterclaim in this action. Rule 13(a), Fed.R.Civ.P.

placed Allied's rights "in jeopardy" thus establishing an "actual controversy" (¶¶19, 21). The fact that Allied is joined in the Texas action by its two wholly-owned subsidiaries is inconsequential since, as the Court has found, "the interests of Texgas Corp. and TSSI such as they are, are fully and adequately protected by their parent, defendant Allied." Opinion and Order, Sept. 17, 1975, p. 9. Moreover, as the Court has previously held, "an injunction entered in this case would operate to bind Allied's wholly-owned subsidiaries Texgas Corp. and TSSI." (Ibid, p. 7).

Cresta Blanca Wine Co., Inc. v. Eastern Wine Corp., 143 F.2d 1012 (2d Cir. 1944), cited by Judge Cannella in Montclair, is also in point. That case involved an action for trademark infringement and declaratory judgment in this Court brought by a Delaware corporation against a New York company. Defendant Eastern then filed suits in the District Court of Delaware against Cresta and its parent, Schenley Distillers Corp. Cresta then moved in New York to stay the Delaware action. On appeal, the Second Circuit held that the Delaware action against Cresta should have been enjoined, since:

> "Each action requires a determination whether the two marks are confusingly similar and which party has the prior right within the states where both

> are doing business. There is nothing to suggest that these questions can be better settled or relief afforded more expeditiously or more effectively in the Delaware action than in the New York suit. The New York suit having been first commenced we think that further prosecution of the later action should have been stayed." 143 F.2d at 1014.

There can be little doubt that the institution of the Texas action was designed to harass Texaco and constitutes the type of forum-shopping criticized by the Second Circuit in Telephonics Corp. and Fabrionics Corp. v. Lindly & Co., Inc., 291 F.2d 445 (2d Cir. 1961). As there stated, "The power of the district court to enjoin unnecessary and wasteful duplication of litigation has long been recognized." 291 F.2d at 447. This action was first filed and should proceed, expecially because Texaco's federal rights under the Lanham Act are involved, which rights may not be abrogated or limited by an individual state. "The Lanham Act has pre-empted the field of trademark law and controls. It follows that... the Act cannot be voided by state statute." Mister Donut of America, Inc. v. Mister Donut, Inc., 418 F.2d 838, 844 (9th Cir. 1969).

PLAINTIFF'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR INJUNCTION ENJOINING DEFENDANT FROM PROCEEDING WITH ACTION IN TEXAS

CONCLUSION

For the reasons stated above, Texaco is entitled to an injunction enjoining Allied and those in concert with it (including its subsidiaries) from prosecuting the Texas action, or instituting or prosecuting any similar action, during the pendency of this case.

Dated: New York, New York
October 23, 1975.

Respectfully submitted,

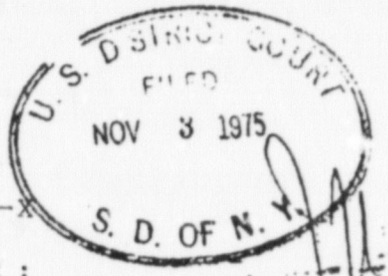
ROGERS HOGE & HILLS

By James B. Swire
Attorneys for Plaintiff

Of Counsel:

Mercer L. Stockell
James B. Swire
William J. Foster IV

ORDER TO SHOW CAUSE FOR INJUNCTION AND TEMPORARY RESTRAINING ORDER.



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,

Plaintiff,

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

Index No. 75 Civ. 327 (LWP)

Order to Show Cause for Injunction and Temporary Restraining Order

Upon the affidavit of Mercer L. Stockell, sworn to October 23, 1975, and all prior proceedings herein, and sufficient cause appearing therefor, it is

ORDERED that defendant show cause before this Court on ~~October~~ Submission by October 31, 1975. Oral argument ~~, 1975 at~~ ~~P.M. in~~ ~~Room~~ , United States Court House, Foley Square, New York, New York, or as soon thereafter as counsel may be heard, why an order should not be entered herein pursuant to Rule 65, Fed.R.Civ.P. and pursuant to the equitable powers of this Court, enjoining defendant, its officers, agents, servants, employees, attorneys, and any and all persons or entities in active concert with them, or any of them, directly or indirectly, from prosecuting or taking any steps in furtherance of or proceeding in any way with an action for a declaratory judgment filed under docket No. E-102534, in the District Court of Jefferson County, Texas, by defendant and two of its wholly-owned subsidiaries, Texgas Corporation and Texgas Service Stations, Inc., against plaintiff Texaco Inc., or any other such action,

ORDER TO SHOW CAUSE FOR INJUNCTION AND TEMPORARY RESTRAINING ORDER

during the pendency of this action and for such other and further relief as the Court may deem just and proper,

AND it appearing from the affidavit of Mercer L. Stockell and other information that Texaco Inc. is required to answer and appear for depositions in the immediate future in the action in Texas, that unless a temporary restraining order is issued against defendant pending the hearing and determination of plaintiff's motion for an injunction, immediate and irreparable injury and damage may result to and be suffered by plaintiff, it is now further

ORDERED that until the hearing and determination of plaintiff's motion for an injunction defendant, its officers, agents, servants, employees, and attorneys, and any and all persons or entities in active concert or participation with them, or any of them, directly or indirectly, be and hereby are temporarily restrained from prosecuting or taking any steps in furtherance of or proceeding in any way with an action filed under docket No. E-102534 in the District Court of Jefferson County, Texas, by defendant and two of its subsidiaries against plaintiff Texaco Inc., during the pendency of this action; and it is further

ORDERED that personal service of a copy of this order and supporting papers on defendant's attorneys on or before October 23, 1975, at 5 P.M., be deemed good and sufficient service hereof.

Dated: New York, New York
October 23, 1975

IRVING PEREA
U.S.D.J.

AFFIDAVIT OF MERCER L. STOCKELL IN SUPPORT OF PLAINTIFF'S MOTION FOR INJUNCTION AND TEMPORARY RESTRAINING ORDER.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC., Plaintiff, -against- ALLIED CHEMICAL CORPORATION, Defendant.	:	Index No. 75 Civ.327 (LWP) AFFIDAVIT In Support of Plaintiff's Motion For Injunction and Temporary Restraining Order

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

MERCER L. STOCKELL, being duly sworn, depose and says:

1. I am a member of the law firm of Rogers Hoge & Hills, attorneys for plaintiff Texaco Inc., and I am fully familiar with the facts and proceedings herein. I make this affidavit in support of Texaco's motion to enjoin defendant Allied Chemical Corporation ("Allied") from proceeding with an action for declaratory judgment which it has just filed in state court in Texas.

2. As the Court is aware, this action was commenced on January 22, 1975 by Texaco against Allied for inter alia, infringement of plaintiff's federally registered trademark TEXACO and other registered trademarks with a prefix TEX, including plaintiff's common law

rights thereto, by virtue of Allied's use of the mark TEXGAS. Allied subsequently attacked plaintiff's action by three separate motions including motions: (1) to dismiss for failure to join Texgas Service Stations, Inc., allegedly a party needed for just adjudication under Rule 19, Fed.R.Civ.P.; and (2) to transfer this action to the United States District Court for the Southern District of Texas pursuant to 28 U.S.C. §1404(a). In an Opinion and Order dated September 17, 1975, this Court denied each motion. A copy of the memorandum is attached hereto as Exhibit 1.

3. On October 2, Allied filed an Answer herein, a copy of which is attached hereto as Exhibit 2. In that Answer, defendant made general denials of infringement and affirmatively alleged that there was no likelihood of confusion between the two marks (¶26), and that plaintiff is precluded from recovery by reason of laches, acquiescence and estoppel (¶27). In addition, Allied claims that plaintiff is barred by the applicable statute of limitations (¶30).

4. Notwithstanding the fact that this Court had determined that Allied's two subsidiaries were not indispensable parties hereto, and had refused to transfer this action to Texas, on October 2, the same day issue was

here joined on all substantive matters, Allied, together with its wholly-owned subsidiaries Texgas Corp. and Texgas Service Stations Inc., filed an action in the District Court of Jefferson County, Texas (No. E-102534) against Texaco seeking a declaratory judgment, under Tex. Rev. Civ. Stat. Ann. art. 252401 (1965), as to the same matters that are at issue herein. A copy of the Petition in said action is attacned hereto as Exhibit 3. In said Petition, Allied and its subsidiaries ask the Texas court for a judgment declaring that their use of the mark and designation TEXGAS within the state of Texas has been lawful and proper and does not constitute a colorable imitation of Texaco's Texas trademark registrations or an infringement of Texaco's common law rights in the State of Texas. (¶¶21, 22, Prayer for Relief). Furthermore, they seek a judgment declaring that Texaco is estopped by laches and acquiescence and barred by the statute of limitations from proceeding against them (Prayer for Relief.).

5. It is thus apparent that all of the issues raised by Allied in the Texas suit are already before this Court. In fact, in its Petition in the Texas action, Allied refers to this case and alleges that the institution of this action by Texaco has placed Allied's rights "in jeopardy" thus creating "an actual controversy." (¶¶19,21).

AFFIDAVIT OF MERCER L. STOCKELL IN SUPPORT OF PLAINTIFF'S MOTION FOR INJUNCTION AND TEMPORARY RESTRAINING ORDER

Moreover, the parties are essentially the same since, as this Court has already determined, the interests of Allied's two subsidiaries "are fully protected by their parent defendant Allied." (Opinion and Order, September 17, 1975, p. 9). In sum, the institution of the Texas action appears to be an obvious attempt to avoid the impact of this Court's rulings. Moreover, it will subject Texaco to duplicative lawsuits and raises the possibility of conflicting judgments.

6. Texaco is required to file a responsive pleading to the Texas action on or before October 27. Moreover, Allied has already obtained ex parte a court order in the Texas action allowing the taking of depositions in that action commencing on November 6.

7. As a result, Texaco requires immediate relief and is proceeding by order to show cause instead of by notice of motion. Further, Texaco requires a temporary restraining order stopping all proceedings in Texas pending resolution of this motion.

8. No prior application has been made for the relief requested herein.

/s/ Mercer L. Stockell

Mercer L. Stockell

AFFIDAVIT OF MERCER B. STOCKELL IN SUPPORT OF PLAINTIFF'S MOTION FOR INJUNCTION AND TEMPORARY RESTRAINING ORDER

Sworn to before me this

23rd day of October, 1975.

James B. Swire

Notary Public

JAMES B. SWIRE
Notary Public, State of New York
No. 31-3918650
New York County
Commission Expires March 30, 1977

EXHIBIT 3, ANNEXED TO AFFIDAVIT OF MERCER L. STOCKELL.

NO. E-102534 E102534

ALLIED CHEMICAL CORPORATION TEXGAS CORPORATION and TEXGAS SERVICE STATIONS, INC.	:	
Plaintiffs	:	IN THE DISTRICT COURT OF JEFFERSON COUNTY TEXAS
V.	:	
TEXACO INC.	:	_____JUDICIAL DISTRICT
Defendant	:	

PLAINTIFFS' ORIGINAL PETITION

I.

1. Plaintiffs, Allied Chemical Corporation, Texgas Corporation and Texgas Service Stations, Inc. for a cause of action against Defendant Texaco Inc., complain and allege:

2. Plaintiff Allied Chemical Corporation ("Allied") is a corporation duly organized and existing under the laws of the State of New York having its principal place of business at Morristown, New Jersey.

3. Plaintiff Texgas Corporation ("Texgas Corp.") is a corporation duly organized and existing under the laws of the State of Delaware with a principal place of business at Houston, Texas.

4. Plaintiff Texgas Service Stations, Inc. ("TSSI") is a corporation duly organized under the laws of the State of Delaware with a principal place of business at Houston, Texas.

EXHIBIT 3, ANNEXED TO AFFIDAVIT OF MERCER L. STOCKELL

II.

5. Plaintiffs Allied, Texgas Corp. and TSSI are presently authorized to do business in the State of Texas under Certificates of Authority from the Secretary of State of the State of Texas. Specifically, Allied is authorized to do business under Renewal Certificate of Authority, C.A. No. 12307, dated June 30, 1975. Texgas Corp. is authorized to do business under Certificate of Authority, C.A. No. 32,940 dated June 7, 1972. TSSI is authorized to do business under Amended Certificate of Authority, C.A. No. 20,323 dated December 30, 1971, amending Certificate of Authority C. A. No. 20,323 dated May 4, 1970.

III.

6. Defendant Texaco Inc. ("Texaco") is a corporation duly organized under the laws of the State of Delaware and has a principal place of business at New York, New York. Texaco maintains a place of business in Jefferson County, Texas. Specifically, process may be served on defendant Texaco by serving an officer, manager or managing agent of the corporation at the Texaco Refinery in Port Arthur, Texas.

IV.

7. This is an action for declaratory judgment under Tex. Rev. Civ. Stat. Ann. art. 2524-1 (1965).

8. Since at least as early as 1954, Plaintiffs and the predecessors of Plaintiffs have continuously used the mark and designation TEXGAS within the State of Texas in connection with the marketing, distribution and sale of petroleum products. Specifically Allied has used

the mark in connection with the marketing, distribution and sale of liquefied petroleum gas ("LP gas") and motor gasoline as well as motor oil.

9. Plaintiff Allied has promoted and marketed petroleum products under the mark and designation TEXGAS within the State of Texas through its union Texas Petroleum Division which is based in Houston, Texas. Allied carries on such marketing of LP gas, motor gasoline and motor oil, through independent dealers within the State of Texas, some of whom sell the products on a retail level to the public under the TEXGAS mark pursuant to branding agreements with Allied.

10. Texgas Corp. and TSSI are wholly owned subsidiaries of Allied and are also based in Houston, Texas. TSSI owns or operates over seventy retail gasoline stations within the state of Texas at which TEXGAS motor gasoline, motor oil and related products are sold. Texgas Corp. maintains its headquarters in Houston, Texas from which it directs advertising and distribution of TEXGAS products, principally TEXGAS LP gas.

11. At least as early as 1954, Texas Natural Gasoline Corporation, a predecessor of Allied, began marketing LP gas under the TEXGAS mark within the State of Texas. In 1955, Texas Natural Gasoline Corporation opened a sales office in Houston and utilized a fleet of tank trucks bearing the TEXGAS mark in the distribution, sale and delivery of LP gas to retail dealers in seventy counties of Texas. By 1959, Texas Natural Gasoline Corporation was producing

EXHIBIT 3, ANNEXED TO AFFIDAVIT OF MERCER L. STOCKELL

LP gas at nine plants located within Texas. In 1954 and 1955 storage facilities for LP gas were established by Texas Natural Gasoline Corporation at Mont Belview and Pierce Junction near Houston, Texas to serve the Texas-Gulf Coast area. The TEXGAS brand was displayed since at least as early as 1955 at the Pierce Junction facility. Texas Natural Gasoline Corporation utilized numerous railroad tank cars marked with the TEXGAS brand to accomplish LP gas transport within Texas, which cars were loaded at the named Texas locations.

12. On March 3, 1960, Texas Natural Gasoline Corporation was merged into Union Oil and Gas Corporation to form Union Texas Natural Gas Corporation with its principal office in Houston, Texas, which corporation continued to market TEXGAS brand LP gas in Texas. In February of 1962, Allied acquired Union Texas Natural Gas Corporation, and continued the sale of LP gas under the TEXGAS brand within the State of Texas. A significant proportion of the branded LP gas dealers in Texas se. ing LP gas are located in Southeastern Texas in the vicinity of Beaumont, Texas.

13. In 1962, Allied also acquired a refinery located at Winnie, Jefferson County, Texas from Texas Gas Corporation. On information and belief, Texas Gas Corporation, a corporation of the State of Texas, had been selling gasoline at numerous stations within the State of Texas (including the Beaumont area) under the "TEXAS GAS" brand. Allied changed the brand under which the gasoline from the refinery was marketed to the TEXGAS brand, and since 1962, Allied

and its subsidary TSSI have continuously sold gasoline within Texas under the TEXGAS brand. Currently, Allied and TSSI are marketing gasoline under the TEXGAS brand through over one hundred fifty gasoline stations in the state of Texas. These stations are located primarily in Southeast Texas in the Houston and Beaumont areas.

14. Plaintiffs and their predecessors adopted the mark and designation TEXGAS in good faith and have used said mark openly since at least as ea· · as 1954. During that period, Defendant Texaco was made directly aware of the TEXGAS mark in direct dealings with Allied and its predecessors. TEXGAS branded tank trucks have transported LP gas from Texaco plants at Blessing, Texas, Old Ocean, Texas and Wilcox, Texas since as early as 1956. These purchases from Texaco have continued through at least 1973. Moreover, since at least as early as 1956, predecessors of Allied transported LP gas being sold to Texaco into Texaco's Port Arthur refinery in TEXGAS branded tank trucks and railroad tank cars.

15. The use of the TEXGAS mark by Plaintiffs and their predecessors has been continuously open for over twenty years, and officers, employees and managing agents of Texaco, as well as the defendant corporation itsel· have long been aware of such use and have acquiesced to such use. Moreover, during this long period of use, Plaintiffs have acquired common law rights in the mark TEXGAS.

EXHIBIT 3, ANNEXED TO AFFIDAVIT OF MERCER L. STOCKELL

16. Throughout its over twenty years of use, there has been no tendency of the public within the State of Texas to confuse the TEXGAS mark with any brand or designation used by Defendant Texaco, and such confusion is not likely to occur in the future.

17. For many years the use of the mark and designation TEXGAS by Plaintiffs and its predecessors within the State of Texas has been unchallenged and acquiesced in by Defendant Texaco. In March of 1973, Defendant Texaco first notified Plaintiff Allied that the mark and designation TEXGAS was regarded to infringe alleged trademark rights of Defendant Texaco.

18. Defendant Texaco has obtained and currently maintains at least two Texas state trademark registrations, to wit, No. 1031 for the mark and designation "TEXACO" and design consisting of a red star and a green "T" thereon for a wide variety of petroleum products, and No. 29,850 for "TEXACO" within a hexagonal design for gasoline, lubricating oil and lubricating grease. These Texas state trademark registrations are maintained by Defendant in accordance with the provisions of the Texas Trademark Laws, Tex. Bus. & Comm. Code 16.01 et seq.

19. In January of 1975, Defendant Texaco instituted an action for trademark infringement against Plaintiff Allied only in the United States District Court for the Southern District of New York alleging that the use of the mark and designation TEXGAS by Plaintiff Allied is likely to cause confusion in the mind of the public, with alleged

EXHIBIT 3, ANNEXED TO AFFIDAVIT OF MERCER L. STOCKELL

common law rights of Defendant Texaco in its trademark "TEXACO" and by virtue of alleged common law rights of Defendant Texaco in the prefix "TEX" which use Defendant Texaco asserts is distinctive of its alleged rights. Defendant Texaco has also alleged that Plaintiff Allied has unfairly competed with Defendant Texaco by using the mark and designation TEXGAS, and has requested an injunction against Plaintiff Allied's continued use of the mark and designation TEXGAS.

20. Plaintiffs regard the continuous use of the mark TEXGAS in the State of Texas for over twenty years clearly establishes their right to continue to use the TEXGAS mark within the state of Texas. Plaintiffs further submit that such use of TEXGAS by Plaintiffs is not likely to cause confusion within the state of Texas.

21. Accordingly, since Defendant Texaco has charged Plaintiff Allied with infringement of its TEXACO trademark, Plaintiffs' rights in the mark TEXGAS within Texas have been placed in jeopardy, and there exists an actual controversy between the parties as to whether or not Plaintiffs' continued use of the mark and designation "TEXGAS" constitutes an infringement of Defendant's Texas state trademark registration Nos. 1031 and 29,850, in accordance with Tex. Bus. & Comm. Code 16.26 and common law rights in Texas in the mark TEXACO or the prefix TEX. Specifically, there exists a controversy as to whether or not the use of the mark TEXGAS

EXHIBIT 3, ANNEXED TO AFFIDAVIT OF MERCER L. STOCKELL

within Texas by Plaintiffs constitutes a use of a colorable imitation of the marks registered by Defendant under the trademark laws of Texas in connection with selling, offering for sale or advertising of goods or services which is likely to deceive or cause confusion or mistake within Texas as to the source or origin of the goods or services.

22. There further exists a controversy as to whether or not Plaintiffs' use of TEXGAS in the state of Texas is an infringement of Defendant's alleged common law rights in Texas with respect to the trademark TEXACO or the prefix or designation "TEX".

WHEREFORE, premises considered, Plaintiffs respectfully pray for a decree and adjudication:

That Plaintiffs' use of the mark and designation TEXGAS within the state of Texas has been lawful and proper, and that such use does not constitute a colorable imitation of Texas trademark registration Nos. 1031 and 29,850 or an infringement of Defendant's alleged common law rights in Texas, and Plaintiffs' use is not likely to deceive or cause confusion or mistake as to the source or origin of Plaintiffs' goods as proscribed by Tex. Bus. & Comm. Code Ann. 16.26 (1965).

That Defendant Texaco has been chargeable with laches and has acquiseced to Plaintiffs' use of TEXGAS within Texas, and hence is estopped and barred by laches and limitations from

EXHIBIT 3, ANNEXED TO AFFIDAVIT OF MERCER L. STOCKELL

asserting that Plaintiffs' use of the mark and designation TEXGAS is an infringement of Defendant's Texas trademark registrations Nos. 1031 and 29,850.

That the Court award such other relief as it deems proper.

FILED FOR RECORD
at 1:30 o'clock P M.
OCT 2 1975
CECIL HOLSTEAD, CLERK
District Courts of Jefferson County, Texas
By K Smith Deputy
AT my Home

Respectfully submitted,

Benckenstein, McNicholas,
Oxford, Radford & Johnson

By Wendell C Radford
Wendell C. Radford
605 San Jacinto Building
Beaumont, Texas 77704

Of Counsel:

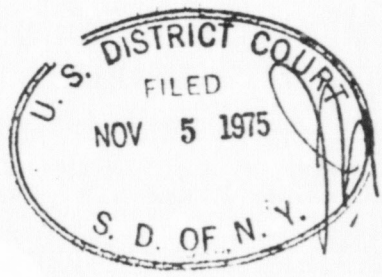
James V. Maher, Jr.
Allied Chemical Corporation
P. O. Box 1057R
Morristown, N. J. 07960

Arnold, White & Durkee
John F. Lynch
David L. McGuire
2100 Transco Tower
Houston, Texas 77027

Attorneys for Plaintiffs

AFFIDAVIT OF JAMES V. MAHER IN OPPOSITION TO PLAINTIFF'S MOTION FOR A PRELIMINARY INJUNCTION.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



- - - - - - - - - - - - - - - - - - - x

TEXACO INC., :

Plaintiff :

v. : 75 Civ. 327 (LWP)

ALLIED CHEMICAL CORPORATION, :

Defendant. :

- - - - - - - - - - - - - - - - - - - x

AFFIDAVIT OF JAMES V. MAHER
IN OPPOSITION TO PLAINTIFF'S MOTION
FOR A PRELIMINARY INJUNCTION

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

JAMES V. MAHER, having been duly sworn, deposes and says:

1. I am a member of the Bar of the State of New Jersey. I am of counsel for defendant Allied Chemical Corporation in this action.

2. I make this affidavit in opposition to plaintiff Texaco Inc.'s motion for a preliminary injunction.

3. I am the attorney identified in Appendix A to Plaintiff's Reply Memorandum In Support of Motion For Injunction filed November 3, 1975.

AFFIDAVIT OF JAMES V. MAHER IN OPPOSITION TO PLAINTIFF'S MOTION FOR A PRELIMINARY INJUNCTION

4. At the time of the hearing referred to therein, plaintiff's moving papers, including its Memorandum In Support of its Motion For Injunction (hereinafter "Memorandum") had been served upon defendant's attorneys less than two hours previously.

5. At the time, of the hearing referred to in the aforesaid Appendix A I did not know whether or not the Texas state proceedings had, in fact, been removed to the Federal Court in Texas. Such was of no concern to me as:

(a) The motion before this Court was (and is) directed to a state Court proceeding.

(b) The discussion before this Court was concerned primarily with the time to answer and commence discovery in the Texas state proceeding. I do not recall any discussion of the question of removal or remand.

(c) Plaintiff's Memorandum (p. 5, note) indicated, contrary to the assertions of their reply memorandum filed on November 3, 1975, that the then proposed removal "does not affect this motion".

4. I did not consider or intend that our forebearance in the Texas state proceedings encompassed a subsequent motion to remand, nor does the language used so indicate.

James V. Maher

JAMES V. MAHER

AFFIDAVIT OF JAMES V. MAHER IN OPPOSITION TO PLAINTIFF'S MOTION FOR A PRELIMINARY INJUNCTION

Subscribed and sworn to before me

this 3d day of November, 1975.

Notary

EUGENIE COFFEY
Notary Public, State of New York
No. 31-[illegible]
Qualified in [illegible] County
Commission Expires March 30, 1976

PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR INJUNCTION.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,	:	
Plaintiff,	:	
-against-	:	75 Civ. 327 (LWP)
ALLIED CHEMICAL CORPORATION,	:	
Defendant.	:	

PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR INJUNCTION

Preliminary Statement

As the Court is aware, it was only after this Court denied defendant's motion to transfer this action to Texas that Allied, nine months after this case started, deemed it necessary to seek the aid of the Texas courts. It is thus apparent, and it is not denied by Allied, that the filing of suit in Texas was an attempt to evade the effect of this Court's prior order.

Now, while the Court is considering the question of whether this attempted evasion should be enjoined, Allied has directly violated the agreement made by its counsel in the presence of the Court during the argument on the temporary restraining order.

PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR INJUNCTION

The temporary restraining provisions in the order submitted on October 23 would have enjoined Allied "from prosecuting or taking any steps in furtherance of or proceeding in any way with an action filed under docket No. E-102534 in the District Court of Jefferson County, Texas ...". That provision was deleted from the order to show cause on the express representation of counsel for Allied that, pending decision by this Court, Allied would take no steps in the Texas case and would preserve the status quo therein in the same way that would have otherwise been accomplished by the temporary restraining order.*

Despite this clear agreement to "freeze" the Texas case, Allied has now filed a motion in the District Court in Texas to remand the case to state court.

In sum, Allied has again demonstrated to this Court that an injunction against proceeding with the action in Texas is necessary in aid of the jurisdiction of this Court and to protect its judgments.

ARGUMENT

Allied takes the position that the jurisdiction of a federal court can be nullified by a defendant by instituting a declaratory judgment suit on the same issues in a state court. Merely to state such a proposition demonstrates its absurdity.

*That agreement was made with the knowledge that Texaco was concurrently removing the Texas case to federal court. The agreement as set forth in the transcript attached hereto as Appendix A was that "there will be no further actions (sic) forthcoming in the Texas proceeding pending determination herein". (p. 3)

PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR INJUNCTION

Allied's opposition to the issuance of an injunction is based almost exclusively on the provisions of 28 U.S.C. §2283 and the alleged controlling effect of Atlantic Coast Line R. Company v. Brotherhood of Local Engineers, 398 U.S. 281 (1970).* We will show that neither the letter nor the spirit of that statute is applicable here. Moreover, even assuming, arguendo, that the statute does apply, an injunction herein is appropriate "to protect or effectuate [the] judgments" of this Court and is "necessary in aid of [this Court's] jurisdiction," as indeed is suggested by Atlantic.

1. 28 U.S.C. §2283 IS NOT APPLICABLE

As the Supreme Court noted in Atlantic Coast Line R. Co. v. Brotherhood of Local Engineers, supra, the rationale behind the enactment of 28 U.S.C. §2283 was a recognition that "this dual system [state and federal courts] could not function if state and federal courts were free to fight each other for control of a particular case" and it was necessary "to prevent needless friction between state and federal courts." 398 U.S. at 286.

Neither rationale is applicable here. The Texas state court has taken no action of any sort which would create

*Allied also suggests that Texaco has failed to show "irreparable harm." Even Allied should be aware that having to defend simultaneously two or more duplicative litigations constitutes just the sort of "irreparable harm" that is routinely enjoined by the courts.

friction with this Court. Allied merely instituted suit there and Texaco promptly removed the case to federal court. Thus, at bar, there has been no ruling nor even any review by the Texas state court and that court no longer has jurisdiction of the matter. Accordingly, up to the present time, there has been no friction between state and federal courts. Indeed, it was Allied which sought to create such friction after a ruling by this Court. This, of course, is the exact opposite of the situation which was before the Supreme Court in Atlantic.*

It is further apparent that Allied had no genuine desire to invoke the jurisdiction of the state courts in Texas. Allied was perfectly amenable to having the issues between it and Texaco tried in federal court. Its only objection was to trying the issues in the federal court in New York. Had this Court transferred this action to the federal court in Texas, Allied would not have brought the state court action in Texas.

Similarly, in its Texas complaint, Allied does not claim it possesses any substantive rights pursuant to a Texas statute. Rather, its action is for a declaratory judgment that it does not violate any of the rights alleged by Texaco in its Complaint herein.

Thus, at bar, there is and will be no friction if Allied's attempts to create it are thwarted by granting the in-

*In Atlantic, the state court had issued and then refused to dissolve an injunction. The impermissible friction was created when, two years later, the federal court prohibited enforcement of the injunction.

junction. Certainly, the granting of such injunction is consistent with the rationale behind section 2283 to avoid such conflict.

Moreover, on the facts at bar, section 2283 simply does not apply. As we indicated in our moving papers (Pl. Br., 5), on October 23, Texaco removed this case to the United States District Court, Eastern Division of Texas, Beaumont Division*, and the case now is there. As a result, the injunction issued by this Court will effectively enjoin prosecution of an action in federal, not state court.

Neither 28 U.S.C. §2283 nor the policy of preventing friction between two sovereigns stands as a bar to granting the injunction herein and in its present posture, the Texas action is no longer a state court action. We submit that such injunction is appropriate and should issue forthwith.

II. EVEN ASSUMING, ARGUENDO, THAT 28 U.S.C. §2283 APPLIES, AN INJUNCTION IS APPROPRIATE AND NECESSARY HEREIN

A. Atlantic Coast Line R. Co. v. Brotherhood of Local Engineers in no Way Bars Issuance of an Injunction Herein

Allied's heavy reliance on Atlantic Coast Line R. Co. v. Brotherhood of Local Engineers, supra, is misplaced.

The factual situation in Atlantic was quite different from that at bar. In light of the Supreme Court's statement in Atlantic that "the questions are by no means simple

*Although the issue is not before this Court, the removal was appropriate, inter alia, because Allied's complaint in Texas pleaded this action, thus incorporating the federal claims which give federal jurisdiction.

and clear, and the decision is difficult", 398 U.S. at 284,* the differences between our case and Atlantic are extremely significant.

As pointed out above, at bar there has been no action by the state court and the second-filed case now rests in federal, not state, court. In Atlantic, the second-filed case rested in state court, and the state court acting under Florida law, had issued and refused to dissolve an injunction. The federal court's subsequent order (in 1969) directly interfered with enforcement of that two year old injunction.

There are other significant distinctions between this case and Atlantic. In Atlantic, the Supreme Court first considered the question of protecting or effectuating the prior (1967) order of the federal court. Crucial to its holding on this point was the finding that the federal court action did not involve pendent state claims and that the federal court's 1967 denial of an injunction, prior to the state court action, was based solely on a determination of federal law. The Court stated:

> "When the railroad initiated the federal suit it filed a complaint with three counts, each based entirely on alleged violations of federal law." 398 U.S. at 288.
>
> * * * *
>
> "[W]e are inclined to believe that the District Court [in 1967] did not determine

*Later in its decision the Court reiterated that "This case is by no means an easy one. The argument in support of the union's contentions are not insubstantial." 398 U.S. at 296.

> whether federal law precluded an injunction based on state law." 398 U.S. 290

Had the federal action included state claims and had the 1967 decision denying an injunction been based on state law as well as federal, then the Atlantic decision would have been different and the later federal injunction would have been appropriate "to protect or effectuate" the 1967 order. Indeed, this is made clear by the dissent of Justices Brennan and White who, believing that the 1967 federal order did include a determination of state law, voted to affirm the subsequent federal injunction.

Whereas in Atlantic there was a close question as to whether the complaint included state claims, here the complaint, as Allied agrees, includes allegations of "common law rights in the designation TEXACO and the prefix 'TEX'." (Def. Mem. 1-2). In the Complaint, Texaco clearly alleges trademark infringement, unfair competition and dilution based on common law rights (¶¶ 26, 28, 32). Moreover, in paragraph 23 of the Complaint, Texaco alleges infringement of:

> "valid rights of plaintiff acquired by it under the laws of all the states and territories of the United States ..." (emphasis added).

On its face, this allegation includes Texaco's state trademark registrations in Texas and elsewhere.

It is thus apparent that under the facts at bar, Atlantic requires not the denial, but the granting of an

injunction. Otherwise, Allied will have succeeded in evading the prior order of this Court* and will be free to attempt to create just the sort of friction which section 2283 is designed to avoid.

Atlantic is also distinguishable in its discussion of the meaning of the clause "necessary in aid of [the court's] jurisdiction." In Atlantic, the majority noted that the railroad could "have based its federal case on the pendent state law claims as well" but refrained from so doing thus leaving the "state law questions and the related issue concerning preclusion of state remedies by federal law to the state courts." 398 U.S. at 295.

It was precisely because the railroad had failed to include the pendent state claims in the federal action that

> "the state court's assumption of jurisdiction over the state law claims and the federal preclusion issue did not hinder the federal court's jurisdiction so as to make an injunction necessary to aid that jurisdiction." 398 U.S. at 296.

Obviously, had the railroad included such claims in its federal action, an injunction would have been necessary to aid federal jurisdiction and the result in Atlantic would have been different.

*That order was based, of course, not only on the "convenience of parties and witnesses" but "in the interests of justice."

Here, the pendent state law claims are within the federal Complaint and under Atlantic an injunction is necessary in aid of this Court's jurisdiction.

As noted in Atlantic:

> "Both exceptions to the general prohibition of §2283 imply that some federal injunctive relief may be necessary to prevent a state court from so interfering with a federal court's consideration or disposition of a case as to seriously impair the federal court's flexibility and authority to decide that case." 398 U.S. at 295.

Here, unless an injunction issues, Allied would be free to institute additional state court actions and to create problems of judicial management and possible conflicting decisions which will seriously impair this Court's flexibility and authority to decide the issues herein.

B. An Injunction Should Issue to Protect the Judgements of this Court

28 U.S.C. §2283 specifically permits an injunction "to protect or effectuate [a court's] judgments." Contrary to defendant's contention, (Def. Br., 10-11), it is well-established that the term "judgments" is to be construed broadly to incude interlocutory orders as well as final judgments.* Sperry Rand v. Rothlein, 288 F.2d 245 (2d Cir.

*Defendant's reliance on Fantecchi v. Gross, 158 F.Supp. 684 (E.D.Pa. 1957) and Moore's is totally misplaced. In Fantecchi, which is noted by Moore, the state court action was instituted before either party moved in the federal court and no order by the federal court had yet issued. There was simply no discussion of the meaning of the term "judgments" as employed in section 2283.

1961); Montgomery County Board of Education v. Shelton, 327 F. Supp. 811 (N.D. Miss. 1971). See, Atlantic Coast Line R. Co. v. Brotherhood of Local Engineers, supra, where it was assumed that the 1967 interlocutory order in federal court fell within the meaning of section 2283 and the only question was as to the scope of that order.

A judgment is to be "protected" from action which would frustrate it. Commerce Oil Refining Corporation v. Miner, 303 F.2d 125, 127 (1st Cir. 1962). This court's order refusing to transfer this action and finding that Allied's two subsidiaries were not indispensable parties would clearly be frustrated if the Texas action were to proceed.

The Court's Opinion and Order make it clear that careful attention was given to Allied's arguments. The Court was fully aware of Allied's laches defense (Opinion and Order, p. 10), and of Allied's argument that the interests of its subsidiaries would be impaired in the event of disposition of the case in their absence (Opinion and Order, p. 3). Nevertheless, this Court denied Allied's motions in these regards and it is abundantly clear that Allied's commencement of a state court action in Texas, wherein it is joined by its two subsidiaries, was designed to evade this Court's

decision. Cf., Atlantic Coast Line R. Co. v. Brotherhood of Local Engineers, supra at 299 (dissent); Doe v. Ceci, 517 F.2d 1203 (7th Cir. 1975).

Indeed, in Coakley Booth, Inc. v. Baltimore Contractors, Inc., 367 F.2d 151 (2d Cir. 1966), such circumvention, albeit in a subsequent federal action, was enjoined with the statement:

> "[i]t seems obvious from the recitation of the uncolored cold historical facts here recited that appellant has attempted to circumvent this U.S. District Court which first obtained control of the litigation ... despite an order refusing to transfer the action upon a petition of appellant itself brought pursuant to 28 U.S.C. §1404(a)." 307 F.2d at 153.

The same rationale applies under section 2283.

As a consequence of the power to transfer vel non granted by the 1948 Code and because of the power to protect its judgments, this Court should enjoin the Texas proceeding which interferes with its decision as to whether the chosen forum is a proper one. 1A MOORE'S, FEDERAL PRACTICE Pt. 2 ¶208[3-4], at 2321.

Further authority for such an injunction is also found in the analogous case of Necchi Sewing Machine Sales Corp. v. Carl, 260 F. Supp. 665 (S.D.N.Y. 1966). There, this

Court found that the disputes involved were referable to arbitration under the controlling Federal Arbitration Act. Pursuant to the exception in section 2283 allowing protection of judgments, the Court enjoined further proceedings in the state court action to enforce the claims to be arbitrated because any such proceedings "would be inconsistent" with the decree of the federal court. Here, likewise, a case where the Lanham Act is controlling, any proceeding in the state court of Texas "would be inconsistent" with the order of this court not to transfer said action to Texas. Thus, as in Necchi, the proceeding in Texas should be enjoined to protect this Court's order.

Similarly, as in Skolnick v. State Electoral Board of Illinois, 336 F. Supp. 839, 873 (N.D.Ill. 1971), an injunction is warranted to prevent Allied from creating "an unseemly conflict" and "confrontation" between the courts.

Allied embarked on state court litigation not out of a good faith effort to adjudicate state issues, but with the obvious intent to prevent this Court from determining the issues, including infringement, acquiescence and laches, which this Court has determined should be decided here. The

attempt should be aborted to protect the judgments of this Court.

C. An Injunction Should Issue As Necessary in Aid of the Jurisdiction of this Court

As shown above, the Supreme Court in Atlantic implicitly suggested that where the federal court possessed jurisdiction over pendent state claims, an injunction of a later filed state court action would be appropriate as necessary in aid of its jurisdiction. The majority there noted that where the federal court's "flexibility and authority" in its "consideration or disposition of a case" would be impaired, it could enjoin actions in the state court. 398 U.S. at 295.

Here, this Court does have jurisdiction over the pendent state claims and there can be little doubt that Allied's purpose in bringing the action in Texas was effectively to preclude this Court's consideration or disposition of several of the issues before it.* In addition, it is clear that the simultaneous conduct of two litigations will impair the flexibility of this Court in its consideration of the

*We note that all of the issues in the Texas case are before this Court. Allied's state court action merely seeks determination of those issues as applied to the State of Texas. But this Court has already determined the propriety of trying those issues here.

issues since conflicts are bound to occur.

Moss v. Burkhart, 220 F. Supp. 149 (W.D. Okla. 1963), aff'd sub nom. Williams v. Moss, 378 U.S. 558 (1964), crystallizes the court's power under 28 U.S.C. 2283 when issues based on the same law are sought to be litigated in a subsequent state court action. In Moss, two of the allegations subsequently pleaded in the state court action were of substantially the same subject matter as that set forth in the federal petition. The court enjoined the party from taking his action to the state court for the following reasons:

> "As the litigation now stands, the intervenors are in courts of two sovereign jurisdictions, alleging substantially the same subject matter and seeking substantially the same relief. The gloss of the pleadings may be somewhat different, but the subject matter of the lawsuits and the relief sought are essentially the same. The jurisdiction of both courts may be conceded, as indeed it is. The decisive point of consideration is that early in the course of this litigation, the intervenors invoked this court's jurisdiction and consented to its processes. They now seek to circumvent or frustrate that jurisdiction by provoking unseemly state federal conflict over the same subject matter. In substance, they would remove a case into which they have intervened to another forum. In this posture, it seems important to sensitive areas of this kind that the Court having first acquired jurisdiction of the subject matter should proceed to a final determination of the tedious questions involved. Any

> attempted division or dual exercise of the concurrent jurisdiction can lead only to unwarranted confusion, and ought to be avoided. We think that the proper administration of justice and the maintenance of a harmonious state-federal relationship require us to restrain the intervenors from taking their lawsuit elsewhere." 220 F.Supp. at 162-163.

Moss was followed in Skolnick v. State Electoral Board of Illinois, supra at 873.

Furthermore, 28 U.S.C. 2283 does not deprive a federal court from issuing an injunction where a multiplicity of suits is threatened, since such an injunction is necessary in aid of its jurisdiction. MOORE, supra, at ¶0.227, 2626. Cf. Younger v. Harris, 401 U.S. 37, 54 (1971); Mitchum v. Foster, 407 U.S. 225, 230 (1972).

This Court can and should enjoin the Texas proceeding and institution of other similar proceedings in various state courts where Allied may claim rights to its TEXGAS mark, American Insurance Company v. Lester, 214 F.2d 578 (4th Cir. 1954). In Lester, some defendants in a subsequently filed federal court action instituted ten separate actions in state court none of which, by conscious design, were removable; and other defendants threatened 24 other actions, all arising out of the same subject matter as the federal court complaint. The Fourth Circuit expressed

its view that an injunction against proceeding with the ten state court actions was appropriate as necessary in aid of the federal court's jurisdiction. Without such power, the court said, the granting of relief in the federal court action could well fall short of obtaining the objectives sought in the proceeding.* In addition, an injunction is particularly appropriate where all the issues in the federal court action cannot be disposed of in a single state court action. Lester, supra.

In sum, an injunction is appropriate and required at bar as necessary in aid of this Court's jurisdiction.

II. BOTH ACTIONS ARE IN FEDERAL COURT AND THIS COURT SHOULD ENJOIN PROSECUTION OF THE TEXAS ACTION WHICH INVOLVES THE SAME SUBJECT MATTER

In the immediately preceding discussion we have shown that even if the Texas action were still in the state court there, an injunction would be appropriate. Of course, the fact is that the Texas case now rests in federal court and will be there at the time this Court rules since the remand motion in Texas will not be decided for some time.

Cases affirming that one federal court may enjoin prosecution of a subsequently commenced action concerning the

*The Atlantic case adheres to this position since the Supreme Court there posited that an injunction could issue if the state court proceedings so interfered with the disposition of the case as to seriously impair the federal court's flexibility and its authority to decide the case.

same subject matter in another federal court are legion. See, for example, Montclair Electronics, Inc. v. Electra/Midland Corp., 326 F. Supp. 839 (SDNY 1971) and Cresta Blanca Wine Co., Inc. v. Eastern Wine Corp., 143 F.2d 1012 (2d Cir. 1944), which we called to this Court's attention in our main brief in support of this motion. The Montclair case is particularly applicable since the subsequently commenced state court action there, like here, was removed to federal court.*

The factors relied on by the federal courts to enjoin the proceedings in other federal courts are all present in this case. We showed in our moving brief that the two actions involve the same subject matter since all the allegations in the Texas action are included in the federal action. As in National Equipment Rental, Ltd. v. Fowler, 287 F.2d 43 (2d Cir. 1961), one "cause of action" (laches) in the Texas action herein is identical to a defense asserted in the New York federal court action, and another (TEXGAS is not a colorable imitation of Texaco's state registrations for TEXACO) arises out of the same transaction and occurrence as

*Defendant's attempt to distinguish Montclair on the grounds that removal was appropriate there is insufficient. In the first place, there is no indication that the fact of removal was essential to the Court's ruling. For the reasons stated above, we submit that the injunction there would have been appropriate even if there had not been a removal. In the second place, the propriety of the removal was not at issue in Montclair nor is it at issue herein.

the New York complaint, has been pleaded as a defense here, and is pleadable here as a compulsory counterclaim. Since "[p]enalty for failure to assert a compulsory counterclaim is the preclusion of a later assertion of that claim, the purpose of the compulsory counterclaim device being to bring all logically relevant claims into a single litigation, thereby avoiding multiplicity of suits," (287 F.2d at 45), the action in Texas should be enjoined. The parties need not be absolutely identical for an injunction to issue. See, for example, Meeropol v. Nizer, 505 F.2d 332 (2d Cir. 1974) and cases cited therein at 235; Delamere Company, Inc. v. Taylor Bell Co., 199 F. Supp. 55 (S.D.N.Y. 1961). Injunction is particularly appropriate where a determination of the issues in the New York action "will be binding upon all the parties named in these suits." Boots Aircraft Nut Corporation v. Kaynar Manufacturing Co., Inc., 196 F. Supp. 546, 547 (E.D.N.Y. 1961). Of course, this Court has already ruled that Texgas and TSSI would be bound by a determination of the issues presented herein; which, a priori, would include determination of the more limited issues in the Texas proceeding.

Finally, the court will look to the convenience of the parties and the policy of judicial economy in deciding

whether to stay the subsequently commenced action. See, for example, Sybil Ives, Inc. v. Helene Curtis Industries, Inc., 249 F. Supp. 865 (S.D.N.Y. 1965). In that case, not only was New York found to be the more convenient theatre, but the interests of conservation of judicial resources pointed to maintenance of the litigation in New York, where no jurisdictional attacks would be had. Precisely such a case is presented here: this Court has determined that New York is the proper forum, based on convenience and the interests of justice, and jurisdictional attacks, among others, can well be anticipated in the Texas proceeding.

In addition, this Court should enjoin the prosecution of the Texas action because, as in Coakley & Booth, Inc. v. Baltimore Contractors, Inc., supra, commencement of the Texas action is an undisguised, flagrant attempt to circumvent this Court's jurisdiction, and to evade its order not to transfer the action to Texas. An injunction herein at this stage, precluding any further action in Texas, or elsewhere, would be in the best interest of judicial economy.

CONCLUSION

For the reasons stated above, Texaco's motion

for an injunction should be granted in all respects.

Dated: New York, New York
November 3, 1975

Respectfully submitted,

ROGERS HOGE & HILLS

By James B. Swire

WILLIAM P. WALSH, ESQ.
Attorneys for Plaintiff

OF COUNSEL:

Mercer L. Stockell
James B. Swire
Paul L. Kennedy

APPENDIX A, TO PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR INJUNCTION.

DOCKETED
DEC
OCT 29, 1975
BY MAIL
ROGERS, HOGE & HILLS

gte

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

----------x

TEXACO, INC.,

Plaintiff,

-against- ; 75 Civ. 327

ALLIED CHEMICAL CORPORATION,

Defendant.

----------x

October 23, 1975
2:30 p.m.

BEFORE:

HON. LAWRENCE W. PIERCE,

District Judge

ROGERS, HOGE & HILLS, ESQS.
Attorneys for plaintiff
BY: JAMES B. SWIRE, ESQ.,
MERCER L. STOCKELL, ESQ.,
of Counsel.

FISH & NEAVE, ESQS.
Attorneys for defendant
BY: ERIC C. WOGLOM, ESQ.
JAMES V. MAHER, ESQ.,
of Counsel.

APPENDIX A, TO PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR INJUNCTION

gte

THE COURT: Would you state the understanding that we have agreed upon, then?

MR. MAHER: As I understand it --

THE COURT: Let me preface it by saying an application has been made for an order to show cause by plaintiff which contains a proposed temporary restraining order.

The Court is proposing to sign the order to show cause without the temporary restraining order, and counsel have entered into an agreement with respect to the subject of our concern, which is whether or not an action commenced by the defendant in the State of Texas is within or without the embrace of an earlier entry order by this Court.

Given the fact of an action having been commenced in the State of Texas and the fact that Monday would be apparently the last day for the answer to be submitted, counsel have agreed to extend the date that issued must be joined.

Why don't you state it from there.

MR. MAHER: Yes, sir.

As I understand it, I am stipulating on behalf of Allied Chemical Corporation that the answer which is now due on October 27 in the State Court case, will not be due until November 5th.

APPENDIX A, TO PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR INJUNCTION

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By the way, I should state that I don't know what the Texas rules of procedure provide as to the stipulation, but I am undertaking to make that stipulation for Allied Chemical so that the Monday date is no longer binding as far as we are concerned and that, I believe, obviates the need for the TRO.

MR. SWIRE: Let me further state on behalf of Texaco, our understanding is that in the event it becomes necessary to file an answer in Texas and that further time is necessary that counsel will agree to a further extension at that time.

THE COURT: This contemplates that the Court may require some additional days to move on this, but it is hoped that we won't get to that situation.

MR. SWIRE: And additionally we have a representation from Allied that the dates as to depositions are flexible as well and that there will be no further actions forthcoming in the Texas proceeding pending determination herein.

MR. MAHER: Yes. The deposition notice states that the time and place is subject to agreement by counsel and I can also represent --

THE COURT: We will do this on submission.

We will put the return date in the order and

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treat it like a motion and handle it on submission.

Further, it is my understanding that the Court is going to proceed on the application for preliminary injunctive relief.

Have you asked for that in your papers as well, for preliminary injunctive relief?

MR. SWIRE: That's correct.

THE COURT: In other words, you have asked for injunctive relief other than temporary, is that so?

MR. SWIRE: That's correct.

Your Honor might just wish to sign the order to show cause and delete the stay.

MR. MAHER: Sir, that order embodies the relief that we are arguing about.

THE COURT: You take a look at it after I have signed it and see if it is all right. I am not going to put a stay in here, you understand that?

MR. MAHER: There is a lot of language in there preventing us from doing this or that or what.

THE COURT: I am not signing the stay, I am bringing on a motion.

You are to respond by October 31 and then there is to be no further record, the submissions will be considered the record in the case, because we understand there

APPENDIX A, TO PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR INJUNCTION

is an issue of law, essentially, here.

MR. SWIRE: Fine.

Might we have, say, till Monday at 5 o'clock.

THE COURT: Yes, close of business Monday.

(Pause.)

THE COURT: Check it and see if you are satisfied, counsel.

(Handing.)

THE COURT: If that is satisfactory, share it with moving counsel.

Have you been able to leave us two duplicates?

MR. SWIRE: I can certainly give you that now.

(Adjourned.)

* * * * * * * * *

ORDER OF LAWRENCE W. PIERCE, U.S.D.J., DATED NOVEMBER 6, 1975, ON MOTION OF PLAINTIFF FOR AN INJUNCTION RESTRAINING DEFENDANT.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

TEXACO, INC.,

Plaintiff,

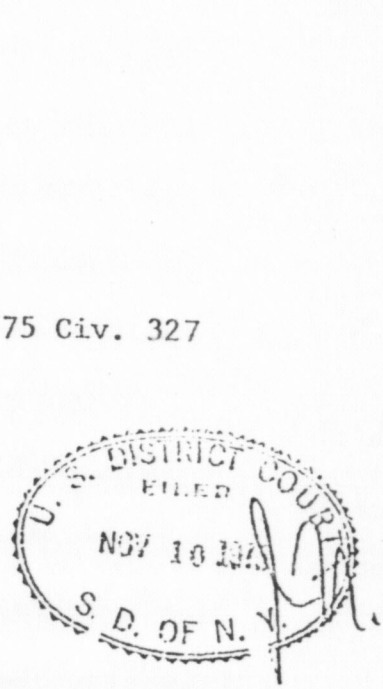
- v -

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327

----------x



ORDER

On January 22, 1975, Texaco brought this action against Allied Chemical Corporation for, inter alia, infringement of Texaco's federally registered trademark TEXACO by reason of Allied's ownership and use of the designation TEXCAS.

By an Opinion and Order dated September 17, 1975, this Court denied motions by Allied (1) to dismiss for failure to join two wholly-owned subsidiaries of Allied; and (2) to transfer the action to the United States District Court for the Southern District of Texas pursuant to 28 U.S.C. §1404(a), Texaco, Inc. v. Allied Chemical Corporation, 75 Civ. 327 (S.D.N.Y. Sept. 17, 1975).

MICROFILM
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ORDER OF LAWRENCE W. PIERCE, U.S.D.J., DATED NOVEMBER 6, 1975, ON MOTION OF PLAINTIFF FOR AN INJUNCTION RESTRAINING DEFENDANT

On October 2, 1975, eight months after the action commenced by Texaco here, defendant Allied filed an action in the District Court of Jefferson County, State of Texas (No. E-102534), seeking a declaration that its TEXGAS trademark does not create a likelihood of confusion with plaintiff's mark TEXACO, and that TEXGAS does not infringe upon the rights of Texaco at common law. According to the parties, Texaco subsequently removed the action to a United States District Court in the State of Texas.

Plaintiff Texaco now moves for an injunction restraining Allied from proceeding with the Texas action. On October 23, 1975, this Court held a hearing at which the parties agreed to preserve the status quo until November 5, 1975, or longer, pending this Court's determination of the motion for an injunction. The following shall constitute the Court's findings of fact and conclusions of law pursuant to Rule 52(a).

Finding of Fact

1. The Court finds that the action commenced by Allied in Texas court is concerned with substantially the same subject matter and seeks substantially the same relief as the action before this Court.

ORDER OF LAWRENCE W. PIERCE, U.S.D.J., DATED NOVEMBER 6, 1975, ON MOTION OF PLAINTIFF FOR AN INJUNCTION RESTRAINING DEFENDANT

2. The Texas action brought by Allied, originally commenced in Texas state court, is now in Texas federal court.

Conclusions of Law

1. "An historic power of a court of equity is the power to enjoin a party from proceeding in another court because this proceeding circumvents the policy of the forum issuing the injunction; because it is vexatious and oppressive; where the injunction is necessary to protect the court's in rem or quasi in rem jurisdiction; and in other situations where equitable considerations warrant preclusion of the other proceeding." (7 Moore's Federal Practice, ¶65.19 (2d Ed. 1971).) (Footnote omitted.)

2. "A district court has the power to enjoin parties before it from litigating the same controversy in another forum." Montclair Electronics, Inc. v. Electra Midland Corp., 326 F.Supp. 839, 843 (S.D.N.Y. 1971); see Telephonics Corp. v. Lindy & Co., 291 F.2d 445 (2d Cir. 1961).

3. An injunction is proper here in that "[e]ach action requires a determination whether the two marks are

confusingly similar and which party has the prior right . . . ." Cresta Blanca Wine Co., Inc. v. Eastern Wine Corp., 143 F.2d 1012, 1014 (2d Cir. 1944); see Montclair Electronics, supra, at 843.

4. This Court has already denied a motion to transfer this case to Texas; an injunction may properly issue to protect the judgment of this Court. 28 U.S.C. §2283.

5. "It seems obvious from the recitation of the uncolored cold historical facts here recited that [defendant] has attempted to circumvent the U.S. District Court which first obtained control of the litigation between the parties . . . despite an order refusing to transfer the action upon a petition [defendant] itself brought pursuant to 28 U.S.C. §1404(a)." Coakley & Booth, Inc. v. Baltimore Contractors, Inc., 367 F.2d 151, 153 (2d Cir. 1966).

6. The Court has found that the Texas action is presently in Texas federal court; however, even if the Texas action is considered to be a state action, it is established law that "federal injunctive relief may be necessary to prevent a state court from so interfering

ORDER OF LAWRENCE W. PIERCE, U.S.D.J., DATED NOVEMBER 6, 1975, ON MOTION OF PLAINTIFF FOR AN INJUNCTION RESTRAINING DEFENDANT

with a federal court's consideration or disposition of a case as to seriously impair the federal court's flexibility and authority to decide that case," Atlantic Coast Line R.R. Co. v. Brotherhood of Locomotive Engineers, 398 U.S. 281, 294 (1970).

7. The motion of plaintiff Texaco, Inc., for an injunction restraining defendant Allied Chemical Corporation, pending the trial of this action, from proceeding with the above-said action in the State of Texas is granted.

8. No security shall be required. Rule 65(c) F.R.Civ.P.

SUBMIT ORDER.

Dated: New York, New York
November 6, 1975

LAWRENCE W. PIERCE
U. S. D. J.

ORDER OF LAWRENCE W. PIERCE, U.S.D.J., DATED NOVEMBER 12, 1975, FOR PRELIMINARY INJUNCTION.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,

Plaintiff,

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327 (LWP)

ORDER FOR PRELIMINARY INJUNCTION

Upon the motion of Texaco Inc. for an order, pursuant to Rule 65, Fed.R.Civ.P., and the equitable powers of this Court, enjoining defendant and those in concert or participation with it, from taking any steps in furtherance of an action concerning the same subject matter herein which defendant and its two wholly-owned subsidiaries, Texgas Service Stations, Inc. and Texgas Corporation, have commenced in the State of Texas, and the motion having been submitted to the Court and the Court having considered the facts and the arguments of the parties, and having issued its decision in an Order dated November 6, 1975, and sufficient cause appearing therefor, it is

ORDERED, that defendant Allied Chemical Corporation, its officers, agents, servants, employees, and attorneys, and all those persons in active concert or participation with them or any of them, ~~including its subsidiary corporations,~~ be and they hereby are enjoined preliminarily

ORDER OF LAWRENCE W. PIERCE, U.S.D.J., DATED NOVEMBER 12, 1975, FOR PRELIMINARY INJUNCTION

during the pendency hereof, from, directly or indirectly, prosecuting or taking any steps in furtherance of or proceeding in any way with an action for declaratory judgment initially filed under docket No. E-102534, in the District Court of Jefferson County, Texas, by defendant and two of its wholly-owned subsidiaries, Texgas Corporation and Texgas Service Stations, Inc., against plaintiff Texaco Inc., which action has been removed to the United States District Court, Eastern District of Texas, Beaumont Division, under Docket No. B-75-360-CA, ~~or any other similar action,~~ and it is further

ORDERED, that no security shall be required of plaintiff in connection with the issuance hereof.

Dated: New York, New York
November 12, 1975.

L. W. Pierce
U.S.D.J.

DEFENDANT'S MOTION FOR SUSPENSION OR MODIFICATION OF INJUNCTION PENDING APPEAL.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- -x

TEXACO INC.,

Plaintiff,

v.

ALLIED CHEMICAL CORPORATION,

Defendant.

- -x

CIVIL ACTION NO.
75 CIV. 327 (LWP)

DEFENDANT'S MOTION FOR SUSPENSION OR
MODIFICATION OF INJUNCTION PENDING APPEAL

Defendant Allied Chemical Corporation moves this Court for an order suspending or modifying this Court's Order for Preliminary Injunction dated November 12, 1975, to permit defendant to proceed in its motion to remand to the District Court of Jefferson County, Texas, the action it originally brought there under docket No. E-102534 and which was improperly removed by plaintiff herein to the United States District Court for the Eastern District of Texas under docket No. 75-B-360-CA, enjoining the parties herein from prosecuting or taking any other steps in furtherance of or proceeding in any way with this action pending final hearing and determination of Defendant's Motion to Remand said action to the state court, and, alternatively, suspending said Order for Preliminary Injunction pending the hearing and determination of defendant's appeal thereof to the United States

DEFENDANT'S MOTION FOR SUSPENSION OR MODIFICATION OF INJUNCTION PENDING APPEAL

Court of Appeals for the Second Circuit.

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MEMORANDUM ENDORSED ON DEFENDANT'S FOREGOING MOTION.

TEXACO, INC. v. ALLIED CHEMICAL CORPORATION 75 Civ 327

For the reasons stated in the decision of the Court dated November 6, 1975, the attached motion of defendant Allied Chemical Corporation is in all respects denied.

So ordered.

Dated: New York, N.Y.
Dec. 1, 1975

LAWRENCE W. PIERCE U.S.D.J.

DEC 2 1975
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U.S. DISTRICT COURT
FILED
DEC 2 1975
S.D. OF N.Y.

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR MODIFICATION OF INJUNCTION PENDING APPEAL.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

TEXACO INC.,

Plaintiff,

v. : 75 Civ. 327 (LWP)

ALLIED CHEMICAL CORPORATION,

Defendant.

- x

MEMORANDUM IN SUPPORT OF DEFENDANT'S MOTION FOR MODIFICATION OR SUSPENSION OF INJUNCTION PENDING APPEAL

Preliminary Statement

On January 22, 1975, Texaco Inc. ("Texaco") brought this action against Allied Chemical Corporation ("Allied") for, inter alia, unfair competition and infringement of Texaco's federally registered trademark TEXACO and other marks with the prefix "TEX" by reason of Allied's use of its mark TEXGAS in connection with gasoline, motor oil, and liquified petroleum gas ("LP gas").

By an Opinion and Order dated September 17, 1975, this Court denied Allied's motion to transfer this action to the United States District Court for the Southern District of Texas. Allied and its two wholy-owned subsidiaries, Texgas Corporation and Texgas Service Stations, Inc. ("TSSI"), thereafter brought an action in the District Court of

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR MODIFICATION OF INJUNCTION PENDING APPEAL

Jefferson County, Texas (docket No. E-102534) for a declaration of their rights in Texas under state law.

Texaco moved this Court for an injunction restraining Allied from proceeding with the Texas action, and at 2:30 p.m. on October 23, 1975, this Court held a hearing at which Allied agreed it would not require Texaco to answer or submit to discovery in the Texas action pending this Court's determination of the motion for injunction.

Texaco thereafter removed the Texas action from the state court to the United States District Court for the Eastern District of Texas by filing a Petition for Removal at 4:40 p.m. on October 23, 1975.

Allied, Texgas Corporation, and TSSI moved on October 31, 1975, to remand the Texas action to the state court on the ground that it had been improperly removed and the Texas federal district court lacked jurisdiction in the action. On November 4, 1975, Texaco asked the Texas federal court for an enlargement of time for responding to the remand motion. Neither the remand motion nor Texaco's request for an enlargement of time has been acted on by the Texas federal court at this time.

On November 6, 1975, this Court entered its order granting Texaco's motion for an injunction restraining Allied from proceeding in the Texas action, and on November 14, 1975, this Court's Order for Preliminary Injunction was entered.

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR MODIFICATION OF INJUNCTION PENDING APPEAL

In its Order of November 6, 1975, this Court explicitly found the following:

> "2. The Texas action brought by Allied, originally commenced in Texas state court, is now in Texas federal court."

Despite this finding, this Court concluded that the injunction would be proper under 28 U.S.C. § 2283 even if the Texas action were considered to be a state court action:

> "6. The Court has found that the Texas action is presently in Texas federal court; however, even if the Texas action is considered to be a state action, it is established that 'federal injunctive relief may be necessary to prevent a state court from so interfering with a federal court's consideration or disposition of a case as to seriously impair the federal court's flexibility and authority to decide that case.' . . ."

Allied respectfully maintains its position that the prohibitions of 28 U.S.C. § 2283 preclude an injunction in the event that the Texas action is an unremovable state court action, and Allied intends to pursue an appeal of the preliminary injunction by this Court. However, it is respectfully submitted that the issues on appeal will be clarified and Allied's decision of whether an appeal is to be pursued may be affected if Allied is permitted to proceed at least with its motion to remand the action in Texas from the federal court to the state court.

Hence Allied respectfully moves this Court to suspend or modify the injunction against further proceedings in Texas in order that at least the disposition of the remand motion

may be determined by the U. S. District Court for the Eastern District of Texas.

The Preliminary Injunction Against Allied Should Not Preclude the Parties From Seeking This Basic Determination of Federal Jurisdiction in Texas

The threshold question which must be addressed in any case removed to a federal court from a state court under 28 U.S.C. § 1441 is the question of federal jurisdiction. Allied has moved to remand the Texas action to the state court on the ground that the federal court lacked original jurisdiction as required by 28 U.S.C. § 1441(a). The Texas federal court must consider this issue, and, under 28 U.S.C. § 1447(c), must remand the action if it finds itself to be without the requisite original jurisdiction. As stated by the court in Teeter v. Iowa-Illinois Gas & Electric Co., 237 F. Supp. 961, 962 (N.D. Iowa 1964):

> "Jurisdiction of the subject matter cannot be conferred upon a federal court by waiver, Burkhardt v. Bates, 296 F. 2d 315 (8 Cir. 1961); by consent of the litigants, American Fire & Cas. Co. v. Finn, 341 U.S. 6, 71 S. Ct. 534, 95 L. Ed. 702 (1950); or through their oversight or inaction, Eastern Metals Corporation v. Martin, 191 F. Supp. 245 (S.D.N.Y. 1960). The court on its own motion must notice and determine the existence of federal jurisdiction in a removed case and, in the absence of such jurisdiction, remand that case to the state court. (Emphasis added).

This rule has been equally explicit in courts of this district:

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR MODIFICATION OF INJUNCTION PENDING APPEAL

> "A district court is required on its own motion to notice and determine federal jurisdiction of a removed case and to be sure that federal jurisdiction exists."

McRae v. Arabian American Oil Co., 293 F. Supp. 844, 846 (S.D.N.Y. 1968).

Allied and its subsidiaries Texgas Corporation and TSSI should be permitted to appear and to fully brief and argue this issue of remand before the Texas federal court. The Order for Preliminary Injunction of this Court restrains Allied and its subsidiaries from so appearing, and the injunction should be modified to permit Allied and its subsidiaries at the very least to pursue the remand motion.

The Limitations of 28 U.S.C. § 2283 Cannot Be Avoided by Improper Removal of a State Action to Federal Court

Allied intends to appeal the preliminary injunction of this Court restraining Allied's proceeding in the Texas action. In Allied's view, this Court exceeds its power iwth an injunction against a state proceeding.

In its November 6, 1975 decision, denominated "Order", this Court made the finding that the Texas action is in federal court. Although this Court indicated at a later point in its Order that the injunction was deemed proper even if directed to a state action, there was an indication that this Court was relying in part upon the interim jurisdiction of the federal court over the removed action as partial basis for its decision.

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION FOR MODIFICATION OF INJUNCTION PENDING APPEAL

The Second Circuit has explicitly refuted the concept that interim jurisdiction of a removed action may be used to avoid the purpose of Section 2283. In Higgins v. California Prune & Apricot Grower, Inc., 3 F. 2d 896 (2d Cir. 1924) (L. Hand, J.), plaintiff had brought federal actions in the Southern District of New York and the Southern and Northern Districts of California before bringing a California state court action against defendants. Defendants removed the state court action to federal court and obtained an injunction from the court in New York against further proceedings in the removed California action. In vacating the injunction against proceedings in the removed California action, the Second Circuit stated:

> "However, it does not seem to us important whether [the state action] was de facto in the federal court until remand, or whether it has never been removed at all, because the rights of the parties cannot in our judgment be made to depend upon such niceties. We think it apparent that section 265 [the predecessor of 28 U.S.C. § 2283] may not be evaded by such a subterfuge, and that appellees may not accomplish in two steps what they concededly could not do in one. If one has only to file removal papers in the teeth of the statute, and then lock the cause in the federal court by an injunction, the whole purpose of the act is defeated. The section represents a policy nearly as old as the Constitution itself, and is not to be circumvanted by a contrivance which the law does not warrant. 3 F. 2d at 898 (Emphasis added).

In the Higgins case, the federal court actually had subject matter jurisdiction, and Judge Hand determined that the case might have proceeded in Federal Court (under the pre-

decessor to § 2283) had the parties consented. Judge Hand then suggested that any determination of injunctive relief should await the determination of a possible remand (3 F. 2d at 898):

> "Hence we held that section 265 forbade any injunction of [the removed action] until the plaintiff therein had in some way forfeited its right to remand, which it never has."

Allied had already filed its petition to remand in federal court. The injunction should not obstruct these proceedings.

In fact, Allied respectfully submits that the injunction should be stayed for all purposes. Allied has agreed to extend Texaco's time in which to respond to Allied's pleading in Texas, and has further agreed not to press the pending discovery depositions in Texas. But, it is submitted that this Court can more equitably restrain any undesired actions by Allied than by restraining all acts by Allied and leaving Texaco unfettered to proceed in Texas.

Moreover, if the case is remanded to state court, this Court may wish to reconsider its decision on the injunction, particularly since one of the findings which supported the decision will be in error.

Allied Wishes to Obtain at Least a Preliminary Determination of Infringement and Confusion in a Forum Where its Mark Has Been Used

Allied is not by its actions attempting to interfere with or thwart this Court's jurisdiction. Allied is simply

attempting to provide to this Court a determination establishing that where the TEXACO and TEXGAS marks have been used for over twenty years, the marks are not considered to be confusingly similar.

This is not an improper objective. In Pepsi Cola Company v. Dr. Pepper Company, 214 F. Supp. 377 (W.D. Pa. 1963), plaintiff, the owner of the trademarks PEPSI-COLA, PEPSI, and PEP-KOLA, brought its action against defendant in Pittsburgh. Dr. Pepper had only about one-fourth of one percent of its total sales in Pennsylvania, while both parties had substantial sales in Texas. In granting defendants' motion to transfer the action to Texas, the court noted:

> "Any relationship to any possible confusion and deceiption in the minds of purchasers is available in Texas and is not as readily available in Pennsylvania, one reason being the disproportion of relationship in Pepsi-Cola and Dr. Pepper sales in this state. I have not overlooked plaintiff's contention that it is interested in Pep-Kola, only in the north eastern section of the country but as I see it now, the case will no doubt turn on defendant's use of the word 'Pep'."
> 214 F. Supp. at 382.

The parallel between Pepsi-Cola's "PEP" and Texaco's "TEX" is apparent, as is the fact of significant concurrent use of the respective marks in Texas. The confusion or mistake or deception as to the source or origin of the goods in the minds of the consuming public is fundamental to the issue of trademark infringement, and can be reliably determined

only where the goods of both parties are present in the same marketplace.

Texaco has repeatedly charged Allied with "forum shopping" and conduct tantamount to bad faith in connection with both the transfer motion and the institution of a state court action in Texas. Quite simply, Allied sees that it will be a great deal easier to marshall evidence to defeat Texaco's claim in a forum where the TEXGAS mark has been in use.* The Supreme Court did not condemn litigants for seeking a favorable forum in Atlantic Coast Line R. Co. v. Brotherhood of Locomotive Engineers, 398 U.S. 281, 286.

> "Litigants who foresaw the possibility of more favorable treatment in one or the other system would predictably hasten to invoke the powers of whichever court it was believed would present the best chance of success."

Texaco no doubt equally firmly desires to maintain this action in a forum where the TEXGAS mark is virtually unknown. If these countervailing efforts by each of the parties to position the case favorably to themselves are to be branded as forum shopping when undertaken by Allied, and not forum shopping when undertaken by Texaco, so be it. But Allied's posture is not one bred of bad faith or of a desire to harass Texaco.

Allied intends to pursue the Texas action in state court if permitted to do so, and intends to appeal this Court's

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* Texas represents the most convenient forum where simultaneous use of the marks exists. The only other location where Allied utilizes the TEXGAS mark on gasoline and LP gas is in the vicinity of Memphis, Tennessee. TEXACO is apparently in use everywhere. (Complaint paragraph 4).

injunction restraining the proceedings in Texas. Lest Texaco impugn Allied's motives, let it be clear that Allied is taking the appeal in order to have the injunction vacated, and to proceed in Texas to a determination of its right to use TEXGAS in Texas. This is being done for the reason acknowledged by the Supreme Court, i.e., because Allied believes it has a better chance to win before a Texas jury exposed to the concurrent use of the marks than before a New York jury which is familiar only with the name of Texaco. As opposed to divesting this Court of jurisdiction, the Texas action will provide this Court with an insight into what is the reaction of a jury exposed to both marks in the same area.

This Court Order Should Be Directed to Both Parties

This Court's Order restrained Allied, "pending the trial of this action" from proceeding with the Texas action. Plaintiff is not similarly restrained. This is manifestly inequitable.

This Court's Order does not terminate the Texas action. Rather, during the pendency of this action Defendant may not proceed with that action. As a consequence Plaintiff conceivably could request the Texas courts to take some action with respect to the Texas action (i.e. move to dismiss) and Defendant would be restrained from objecting. Inasmuch

as the purpose of this Court's order is to maintain the status quo pending the trial of this action, it is necessary that the Court's injunction be directed to both parties.

CONCLUSION

For the reasons stated we respectfully request this Court to suspend or modify its Order for Preliminary Injunction of November 14, 1975, to allow the federal court in Texas to determine the issue of whether the Texas action was properly removed or whether it should be remanded, to allow the parties to this action to participate in that determination, and to modify the injunction by directing that it also apply to Plaintiff.

Respectfully submitted,

NIMS, HOWES, COLLISON & ISNER
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New York, New York 10017
(212) 682-4590

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Rodney K, Cladwell
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Of Counsel:

James V. Maher, Jr.
ALLIED CHEMICAL CORPORATION
P. O. Box 10572
Morristown, New Jersey 07960

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION FOR MODIFICATION OR SUSPENSION OF INJUNCTION PENDING APPEAL.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TEXACO INC.,

Plaintiff,

-against-

ALLIED CHEMICAL CORPORATION,

Defendant.

75 Civ. 327 (LWP)

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION FOR MODIFICATION OR SUSPENSION OF INJUNCTION PENDING APPEAL

Plaintiff submits this memorandum in opposition to defendant's motion entitled "Motion for Suspension or Modification of Injunction Pending Appeal." Defendant's motion, although unclear, seems to be tripartite and appears to seek an order:

(1) Suspending or modifying this Court's order for a preliminary injunction so as to permit defendant to proceed with its motion to remand to the Texas state court the action which it has been preliminarily enjoined from prosecuting.

(2) Enjoining the parties herein from prosecuting

or taking any other steps in furtherance of or proceeding in any way with this action pending determination of the motion to remand the Texas action.

(3) Alternatively, suspending in its entirety the preliminary injunction granted by this Court pending the hearing and determination of defendant's proposed appeal thereof to the United States Court of Appeals for the Second Circuit.

The motion, as appears from its title and the substance of defendant's memorandum filed in support of it, seems directed primarily to the first part mentioned above, i.e., to suspend or modify the Court's preliminary injunction order so as to permit defendant and its subsidiary corporations to proceed with their motion to remand the Texas action to the state court there. The second part above mentioned is not supported by the defendant's memorandum. The third part likewise is not supported by the memorandum except to the extent that it seeks to reargue the matters decided by this Court by its decision and order dated September 17, 1975 and implicitly affirmed by the later decision dated November 6. Said attempt at reargument is, of course, in violation of Rule 9(m) of the General Rules of this Court.

as it is untimely and as it does not refer to any matters or controlling decisions which the Court has overlooked.

ARGUMENT

I. DEFENDANT SHOULD NOT BE PERMITTED TO PROCEED WITH ITS MOTION FOR REMAND TO THE TEXAS STATE COURT

Defendant's request for permission to proceed with its remand motion should be denied. The remand motion should not even be pending since it was made in direct violation of an agreement made between counsel and the Court. Moreover, since the Court's injunction against further proceeding applies whether or not the Texas action rests in state or federal court, decision on the remand motion would be of no effect at this time.

The defendant's recital of the events surrounding the removal and the motion for remand needs some amplification. Plaintiff, when faced with the Texas state court action and an ex parte order obtained therein by Allied, was required to act promptly since, under 28 U.S.C. §1446(b), removal must be made within thirty days of commencement of a state court action. Consequently, we prepared a petition for removal and it was sent on October 21 to counsel in Texas for execution and filing.

At the same time, we commenced preparation of our motion in this Court for an injunction against further proceedings in the Texas action. As soon as the motion papers were prepared, they were delivered to counsel for Allied and our request for an order to show cause and a temporary restraining order was heard by this Court on October 23, 1975. Our memorandum in support of the motion for a preliminary injunction stated (p. 5):

> "Plaintiff is filing a petition for removal of the Texas proceeding to the United States District Court for the Southern District of Texas ..."

On October 23, we appeared before the Court for a hearing on our order to show cause and, particularly, the temporary restraining provisions therein. Defendant's attorney does not deny that he was aware, prior to the hearing, of Texaco's statement with regard to removal. Thus, it is particularly significant that, during the hearing, he expressly agreed "that there will be no further actions (sic) forthcoming in the Texas proceeding pending determination [of the motion for an injunction]." (Tr. 3) On that representation, we agreed to the deletion from the order to show cause of the restraining provisions. As the Court subsequently observed,

at the October 23 hearing "the parties agreed to preserve the status quo until November 5, 1975, or longer, pending this Court's determination of the motion for an injunction." (Order of November 6, p. 2).

Thereafter, despite and in obvious violation of this agreement, Allied filed a motion in the federal court in Texas to remand the case. By Order dated November 6, this Court then enjoined Allied from proceeding further with the Texas action.

It is quite clear, however, that Allied's remand motion should not even be pending in the Texas court. Had Allied lived up to its obligations to Texaco and the Court, that motion would never have been made.

Moreover, there is no need for any further proceedings in the Texas court, either federal or state, pending this Court's final judgment in this action in New York. This Court has found that the injunction should issue regardless of whether the Texas action was in federal or state court. (Order, 4-5).* Consequently, there is no purpose in considering now the motion for remand. A motion for

*Accordingly, the decision in Higgins v. California Prune and Apricot Grower, Inc., 3 F.2d 896 (2d Cir. 1924), cited by defendant, is not pertinent here. Unlike Higgins, this Court does not have before it a question of an injunction which would be effective only against a federal court.

remand may be made at any time before final judgment in the removed action, 28 U.S.C. §1447(c), and Allied may renew its remand motion upon conclusion of this action, if it still wishes to do so.

Legal questions concerning the remand motion are difficult. But this is not a case where removal was effected to avoid the effect of 28 U.S.C. §2283. Rather, removal was appropriate because, in its Complaint in the Texas action, Allied referred to this federal action as the basis of its claimed controversy in Texas and hence brought within its state court Complaint issues concerning the United States Trademark Act sufficient to justify the removal. However, the propriety of the removal is not properly before this Court. Briefing and decision of the remand motion either here or in Texas would be futile and needlessly time-consuming for counsel and the courts since, even if remand were granted, the injunction would still stand to prevent proceedings in the state court.

Thus, Allied will have not been prejudiced in any respect by a deferral of the remand motion until after final decision herein. In contrast, Texaco should not be put to the time and expense of appearing in Texas to contest the motion.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION FOR MODIFICATION OR SUSPENSION OF INJUNCTION PENDING APPEAL

We respectfully submit that Allied's motion for suspension or modification of the injunction, so as to allow it to proceed with the motion for remand, should be denied.*

II. THIS ACTION IN THE NEW YORK FEDERAL COURT SHOULD PROCEED REGARDLESS OF THE MOTION FOR REMAND IN THE TEXAS COURT

Defendant Allied does not offer any arguments in its memorandum in support of its request that this action be enjoined pending determination of the motion for remand in Texas. There seems no logical basis for such motion which would require reversal of the Court's decision of November 7, and which would be inconsistent with the Court's decision of September 17. The request is frivolous and is an obvious attempt to avoid the fact that the Court's September 17 decision is not appealable. The request should be denied.

III. THE COURT'S PRELIMINARY INJUNCTION SHOULD NOT BE SUSPENDED PENDING DETERMINATION OF ANY APPEAL THEREOF BY DEFENDANT

*We note further that Allied's suggestion that the injunction be made effective against Texaco is improper. Allied made no counter-motion for such relief and did not suggest it on settlement of the order. In any event, Texaco has no desire or intention of proceeding further in Texas unless it feels compelled to defend against the remand motion. There is no showing of any threatened injury which could possibly support an injunction against Texaco. The suggestion should be rejected.

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION FOR MODIFICATION OR SUSPENSION OF INJUNCTION PENDING APPEAL

The suspension sought by defendant Allied would completely frustrate and nullify the purpose of the preliminary injunction. If Allied wishes relief from the preliminary injunction, it should seek an expedited appeal. However, Allied has not yet even served a notice of appeal and did not even think the matter of sufficient urgency to proceed here by order to show cause. The fact is that Allied is not suffering and will not suffer any interim harm. We submit that the preliminary injunction should remain in effect pending any appeal which Allied may ultimately decide to take.

IV. ALLIED'S ATTEMPT TO REARGUE THIS COURT'S DECISION OF SEPTEMBER 17, 1975 SHOULD BE DISREGARDED

Defendant's motion to transfer this action to the federal court in Houston was fully briefed and was, on September 17, 1975, denied. Defendant sought to circumvent that order by bringing a Texas state court action for a declaratory judgment on issues before this Court; this Court has protected its judgment and jurisdiction by enjoining defendant from proceeding further in the Texas action.

Defendant, although the issue is not raised by its motion, now seeks to reargue the decision of September 17,

1975, by again protesting that it should be permitted to try the issues before a Texas jury. This question was briefed on the motion to transfer and was decided.

Moreover, the attempt to reargue is not timely. Rule 9(m) of the General Rules of this Court states in part:

> A notice of motion for reargument shall be served within ten (10) days after the filing of the court's determination of the original motion and shall be made returnable within the same period of time as required for the original motion. There shall be served with the notice of motion a memorandum setting forth concisely the matters or controlling decisions which counsel believes the court has overlooked.

The decision was dated September 17. This motion has been made two months later. Also, defendant does not refer to any matter or "controlling decision", overlooked by the Court. Defendant's arguments in this connection should be disregarded and the motion denied.

Respectfully submitted,

ROGERS HOGE & HILLS

By James B. Swire
A Member of the Firm

WILLIAM F. WALSH

Attorneys for Plaintiff

Of Counsel:

Mercer L. Stockell
James B. Swire

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION FOR MODIFICATION OR SUSPENSION OF INJUNCTION PENDING APPEAL

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

I, ANNE SANTINO, being duly sworn, depose and say that I am over 18 years of age, am not a party to the action and reside at 24-25 93rd Street, Jackson Heights, New York. That on the 26th day of November, 1975, I served the within Memorandum upon Nims, Howes, Collison & Isner, attorneys for defendant in this action, at 60 East 42nd Street, New York, New York, 10017, the address designated by said attorneys for that purpose by depositing a true copy of same enclosed in a postpaid properly addressed wrapper, in a post office or official depository under the exclusive care and custody of the United States Post Office Department within the State of New York.

Anne Santino

Sworn to before me this
26th day of November, 1975.

James B. Swire
Notary Public

JAMES B. SWIRE
Notary Public, State of New York
No. 31-2918050
Qualified in [illegible]
Commission Expires [illegible], 1977

AFFIDAVIT OF WENDELL C. RADFORD, ATTORNEY FOR DEFENDANT ALLIED CHEMICAL CO., DATED NOVEMBER 14, 1975.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

TEXACO INC., : Index No. 75 [illegible] (LWP)

Plaintiff,

-against- : AFFIDAVIT 75-327

ALLIED CHEMICAL CORPORATION, :

Defendant. :

----------X

STATE OF TEXAS X

COUNTY OF JEFFERSON X

WENDELL C. RADFORD, being duly sworn, deposes and says:

1. I am a member of the law firm of Benckenstein, McNicholas, Oxford, Radford & Johnson, of Beaumont, Jefferson County, Texas. I am one of the attorneys of record representing Allied Chemical Corporation, Texgas Corporation, and Texgas Service Stations, Inc., Plaintiffs in Cause No. E-102,534, filed in the 172nd Judicial District Court of Jefferson County, Texas, and removed to the United States District Court for the Eastern District of Texas, Beaumont Division, under Civil Action No. B-75-360-CA.

2. Attached hereto are the following instruments filed of record in the 172nd Judicial District Court of Jefferson County, Texas:

a) Plaintiffs' Original Petition

b) Motion For Leave To File And Serve Notices of Deposition, with Order

AFFIDAVIT OF WENDELL C. RADFORD, ATTORNEY FOR DEFENDANT ALLIED CHEMICAL CO., DATED NOVEMBER 14, 1975

c) Notice of Deposition - Schedule A

d) Notice of Deposition - Schedule B

3. Attached hereto are the following instruments filed of record in The United States District Court for the Eastern District of Texas, Beaumont Division, in Civil Action No. B-75-360-CA:

a) Docket Sheet

b) Petition for Removal from 172nd District Court of Jefferson County, Texas, by Defendant, Texaco, Inc., without exhibits attached in that they are already before this Court

c) Bond for Removal in the sum of $500.00 by Texaco, Inc.

d) Notice of Removal by Texaco, Inc.

e) Plaintiffs' Motion To Remand

f) Plaintiffs' Brief In Support Of Motion To Remand

g) Defendant' Request for Enlargement of Time Without Motion Or Notice

h) Letter dated October 24, 1975 by Mr. John Tucker

i) Letter of Transmittal dated November 3, 1975, from Mr. John Tucker

j) Affidavit of Mr. John A. Sieger, Attorney for Defendant

k) Letter of agreement to extend time of Texaco Inc. to answer Plaintiffs' Complaint until Motion To Remand had been determined

l) Proposed Order

DATED: November 14, 1975

Wendell C. Radford
WENDELL C. RADFORD,
Affiant

AFFIDAVIT OF WENDELL C. RADFORD, ATTORNEY FOR DEFENDANT ALLIED CHEMICAL CO., DATED NOVEMBER 14, 1975

This 14th day of November, 1975, Wendell C. Radford, personally known to me, appeared and, having been duly sworn, attested to the truth of the matters asserted in the foregoing affidavit and subscribed same.

Notary Public In and For
Jefferson County, Texas

My Commission Expires:

June 1, 1977

ATTACHMENT (a) TO FOREGOING AFFIDAVIT OF WENDELL C. RADFORD--PLAINTIFF'S ORIGINAL PETITION.

(Same as Petition reproduced, *supra*, pp. 282a to 290a.)

ATTACHMENT (c) TO AFFIDAVIT OF WENDELL C. RADFORD--
NOTICE OF DEPOSITION.

NO. E-102,534

ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION, and TEXGAS SERVICE STATIONS, INC.,	)	
Plaintiffs,	)	IN THE DISTRICT COURT OF JEFFERSON COUNTY, TEXAS
v.	)	
TEXACO INC.,	)	172nd JUDICIAL DISTRICT
Defendant.	)	

To: Texaco Inc., Defendant in the above cause.

You will take notice that Plaintiffs will take the oral deposition of Defendant, Texaco Inc. by and through the person or persons who:

1. Have custody or control or personal knowledge of sales, sales invoices, purchase orders, or sales orders concerning the sale or delivery by Texaco Inc. of any liquefied natural gas or petroleum product to the Union Texas Petroleum Division of Allied Chemical Corporation, Texgas Corporation, or Texgas Service Stations, Inc., from the Old Ocean, Texas, petroleum processing or storage facilities of Texaco Inc.;

2. Have custody or control or personal knowledge of sales, sales invoices, purchase orders, or sales orders concerning the sale or delivery by Texaco Inc. of any liquefied natural gas or petroleum product to the Union

ATTACHMENT (c) TO AFFIDAVIT OF WENDELL C. RADFORD

Texas Petroleum Division of Allied Chemical Corporation, Texgas Corporation, or Texgas Service Stations, Inc., from the Blessing, Texas, petroleum processing or storage facilities of Texaco Inc.;

3. Have custody or control or personal knowledge of sales, sales invoices, purchase orders, or sales orders concerning the sale or delivery by Texaco Inc. of any liquefied natural gas or petroleum product to the Union Texas Petroleum Division of Allied Chemical Corporation, Texgas Corporation, or Texgas Service Stations, Inc., from the Wilcox, Texas, petroleum processing or storage facilities of Texaco Inc.;

4. Have custody or control or personal knowledge of sales, sales invoices, purchase orders, or sales orders concerning the sale or delivery by Texaco Inc. of any liquefied natural gas or petroleum product to the Union Texas Petroleum Division of Allied Chemical Corporation, Texgas Corporation, or Texgas Service Stations, Inc., from the Port Arthur, Texas, petroleum processing or storage facilities of Texaco Inc.;

5. Have responsibility for the loading of liquefied natural gas or petroleum products onto transport vehicles belonging to the Union Texas Petroleum Division of Allied Chemical Corporation, Texgas Corporation or Texgas Service Stations, Inc., or knowledge of any transport vehicle having

ATTACHMENT (c) TO AFFIDAVIT OF WENDELL C. RADFORD

the TEXGAS mark thereon which may have been utilized for the transport of LPG or petroleum products from the Old Ocean, Texas processing plant or storage facility of Texaco Inc. during the period January 1, 1954 to the current date;

6. Have responsibility for the loading of liquefied natural gas or petroleum products onto transport vehicles belonging to the Union Texas Petroleum Division of Allied Chemical Corporation, Texgas Corporation or Texgas Service Stations, Inc., or knowledge of any transport vehicle having the TEXGAS mark thereon which may have been utilized for the transport of LPG or petroleum products from the Wilcox, Texas processing plant or storage facility of Texaco Inc. during the period January 1, 1954 to the current date;

7. Have responsibility for the loading of liquefied natural gas or petroleum products onto transport vehicles belonging to the Union Texas Petroleum Division of Allied Chemical Corporation, Texgas Corporation or Texgas Service Stations, Inc., or knowledge of any transport vehicle having the TEXGAS mark thereon which may have been utilized for the transport of LPG or petroleum products from the Blessing, Texas processing plant or storage facility of Texaco Inc. during the period January 1, 1954 to the current date; and

8. Have responsibility for the loading of liquefied natural gas or petroleum products onto transport vehicles belonging to the Union Texas Petroleum Division of Allied

ATTACHMENT (c) TO AFFIDAVIT OF WENDELL C. RADFORD

Chemical Corporation, Texgas Corporation or Texgas Service Stations, Inc., or knowledge of any transport vehicle having the TEXGAS mark thereon which may have been utilized for the transport of LPG or petroleum products from the Port Arthur, Texas processing plant or storage facility of Texaco Inc. during the period January 1, 1954 to the current date; to be used as testimony at the trial of the above numbered and entitled cause. The deposition will be taken at the offices of Benckenstein, McNicholas, Oxford, Radford & Johnson, 605 San Jacinto Building, Beaumont, Texas, on the 6th day of November, 1975, at 10:00 a.m., or at such other time and place as may be mutually agreed upon by counsel for the parties hereto. Defendant Texaco Inc. is requested to designate in writing at least one week prior to the examination, the name and position of each person who will testify on its behalf as to the foregoing matters, pursuant to Rule 200 of the Texas Rules of Civil Procedure, and to set forth for each person so designated the matters on which he will testify. The witness is required to bring with him all the items or documents which are identified in the Schedule A appended hereto.

Respectfully,

Benckenstein, McNicholas,
Oxford, Radford & Johnson

By _____
Wendell C. Radford
605 San Jacinto Building
Beaumont, Texas 77704

ATTACHMENT (c) TO AFFIDAVIT OF WENDELL C. RADFORD

Arnold, White & Durkee
John F. Lynch
David L. McGuire
2100 Transco Tower
Houston, Texas 77027

Attorneys for Plaintiffs

Of Counsel:

James V. Maher, Jr.
Allied Chemical Corporation
P. O. Box 1057R
Morristown, N.J. 07960

SCHEDULE A, ANNEXED TO FOREGOING NOTICE OF DEPOSITION.

SCHEDULE A

Defendant, Texaco Inc., is requested to produce for inspection and copying the following items and documents:

1. All documents relating or referring to the sale of liquefied petroleum gas or petroleum products to Allied Chemical Corporation, the Union Texas Petroleum Division of Allied Chemical Corporation, Texgas Corporation, Texgas Service Stations, Inc., or any predecessor of these companies.

2. All shipping orders, purchase orders, sales tickets, delivery orders or other documents relating or referring to the delivery of liquefied petroleum gas or petroleum products to any transport vehicle owned or controlled by any one of the entities named in item No. 1 above.

3. All documents such as logs, registers or gate receipts which relate or refer to any transport vehicle owned or controlled by any one of the entities named in item No. 1 above which may have traveled into the processing plant or storage facility referred to in the body of the Notice of Deposition to which this Schedule A is attached.

ATTACHMENT (d) TO AFFIDAVIT OF WENDELL C. RADFORD--
NOTICE OF DEPOSITION.

NO. E-102,534

ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION, and TEXGAS SERVICE STATIONS, INC.,	)	
Plaintiffs,	)	IN THE DISTRICT COURT OF JEFFERSON COUNTY TEXAS
v.	)	
TEXACO INC.,	)	172nd JUDICIAL DISTRICT
Defendant.	)	

To: Texaco Inc., Defendant in the above cause.

You will take notice that Plaintiffs will take the oral deposition of Defendant Texaco Inc. by and through the person or persons responsible for monitoring Texaco's Texas trademark registrations and/or the activities of Texaco employees or others in the fields of commerce to which said registrations relate, to be used as testimony at the trial of such cause, and that such deposition will be taken at the offices of Benckenstein, McNicholas, Oxford, Radford & Johnson, 605 San Jacinto Building, Beaumont, Texas, on the 6th day of November, 1975, at 10:00 a.m., or at such other time and place as may be mutually agreed upon by counsel for the parties hereto. Defendant Texaco is requested to designate in writing at least one week prior to the examination the name and position of each person who will testify on its behalf as to the foregoing matters, pursuant to Rule 200 of the Texas Rules of Civil Procedure, and to set forth for each person so designated the matters on which he will testify. The witness will be required to bring with him all

ATTACHEMENT (d) TO AFFIDAVIT OF WENDELL C. RADFORD

documents and things listed in Schedule B attached hereto.

Respectfully,

Benckenstein, McNicholas,
Oxford, Radford & Johnson

By_____
Wendell C. Radford
605 San Jacinto Building
Beaumont, Texas 77704

Arnold, White & Durkee
John F. Lynch
David L. McGuire
2100 Transco Tower
Houston, Texas 77027

Attorneys for Plaintiffs

Of Counsel:

James V. Maher, Jr.
Allied Chemical Corporation
P. O. Box 1057R
Morristown, N.J. 07960

SCHEDULE B, ANNEXED TO FOREGOING NOTICE OF DEPOSITION.

SCHEDULE B

All documents relating or referring to any trademark search performed by or on behalf of Defendant Texaco Inc. ("Texaco") in which the subject matter of the search included the word "TEXACO" or "TEXGAS" or any other word including the prefix "TEX", including all trademark search reports resulting from, relating or referring to such subject matter or performed in connection with Texaco's Texas trademark or service mark registrations.

All documents relating or referring to any monitoring of Texaco's Texas trademark registrations and/or any monitoring of activities by Texaco employees or other persons in the fields of commerce related to Texaco's registrations.

(a) DOCKET SHEET, CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD.

5401	75	0360	10	23	75	3	840	2			Declaratory Judgment	4006		B-75-360-CA

PLAINTIFFS

ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION AND TEXGAS SERVICE STATIONS, INC.

DEFENDANTS

TEXACO, INC.

CAUSE

Declaratory judgment for alleged infringement of trademark rights of Texaco, Inc. 15 U.S.C. Sec 1121 and 28 U.S.C. Sec. 1338.

ATTORNEYS

Mr. Wendell C. Radford
Benckenstein, McNicholas, Oxford, Radford & Johnson
605 San Jacinto Building
Beaumont, Texas 77704

and

Mr. John F. Lynch
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2100 Transco Tower
Houston, Texas 77027

John A. Sieger
Texaco, Inc.
P. O. Box 52332
Houston, Texas 77052

and

John G. Tucker
ORGAIN, BELL & TUCKER
P. O. Box 1751
Beaumont, Texas 77704
838-6412

☐ CHECK HERE IF CASE WAS FILED IN FORMA PAUPERIS	FILING FEES PAID			STATISTICAL CARDS	
	DATE	RECEIPT NUMBER	C.D. NUMBER	CARD	DATE MAILED
	10-23-75	ORGAIN, BELL & TUCKER	$15.00	JS-5	10-23-75
				JS-6	

(a) DOCKET SHEET, CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

DATE	NR.	PROCEEDINGS
-23-75		PETITION for Removal from 172nd District Court of Jefferson County, Texas, by defendant, Texaco, Inc., with following attached: a. Plaintiffs' Original Petition b. Motion for Leave to file and serve Notices of Deposition, by the plaintiffs. c. Order granted Motion for Leave to File and Serve Notices of Depositions, signed by Judge Thomas A. Thomas. d. Complaint, Texaco, Inc., plaintiff vs Allied Chemical Corporation, defendant. e. Answer and Jury Demand of Allied Chemical Corporation. f. Opinion and Order.
-23-75		BOND for Removal in the sum of $500.00, by Texaco, Inc.
-23-75		NOTICE of Removal by Texaco, Inc.
-31-75		PLAINTIFFS' MOTION TO REMAND.
-31-75		PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND.
-4-75		DEFENDANT'S REQUEST FOR ENLARGEMENT OF TIME WITHOUT MOTION OR NOTICE.
-4-75		AFFIDAVIT of Mr. John A. Sieger, atty. for Defendant.

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD.

FILED
U. S DISTRICT COURT
EASTERN DISTRICT OF TEXAS
4:35 pm.
OCT 23 1975
MURRAY E. HARRIS, CLERK
BY DEPUTY Beatrice H. Bryan

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION and TEXGAS SERVICE STATIONS, INC.,

Plaintiffs,

V.

TEXACO INC.,

Defendant.

PETITION FOR REMOVAL

CIVIL ACTION NO. B-75-360-CA

TO THE JUDGES OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, BEAUMONT DIVISION:

The undersigned, petitioner, Texaco Inc., being the only defendant above named, by its attorney, respectfully shows:

1. On the 3rd day of October, 1975, petitioner received through personal service Citation and Plaintiff's Original Petition setting forth claims for relief in an action filed in the 172nd District Court of Jefferson County, Texas and entitled "Allied

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

Chemical Corporation, Texgas Corporation and Texas Service Stations, Inc., Plaintiffs v. Texaco Inc., Defendant." Copies of said Petition and Citation are attached hereto as Exhibit 1. Plaintiffs thereafter moved ex parte for leave to file and serve notices of depositions of defendant Texaco Inc. Copies of said motion and the notices of deposition filed therewith are attached hereto as Exhibit 2. By order dated October 16, 1975, a copy of which is attached hereto as Exhibit 3, said motion was granted and depositions of defendant Texaco in said action are to commence on November 6, 1975.

2. The aforesaid action arises by its nature under the trademark laws of the United States and this court has original jurisdiction of said action by virtue of 15 U.S.C. §1121 and 28 U.S.C. §1338.

3. Plaintiffs' complaint or petition in the aforesaid state court proceeding alleges that plaintiffs and their predecessors have long sold petroleum products, namely, liquefied petroleum gas, motor gasoline and motor oil, under plaintiff Allied's purported trademark TEXGAS; that such products have been promoted and marketed by plaintiff Allied through its Union Texas Petroleum Division and through its subsidiaries Texgas Corporation and Texgas Service

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

Stations, Inc., which are also named as plaintiffs in this proceeding; that said use by plaintiffs and their predecessors has been open and with the knowledge of defendant; that "plaintiffs" have acquired common law rights in the designation TEXGAS; that, in spite of the supposed unchallenged use of the designation TEXGAS by plaintiffs, defendant Texaco first notified plaintiff Allied in March, 1973, that such designation was an infringement of the trademark rights of the defendant Texaco in and to its trademark TEXACO as applied to liquefied petroleum gas, motor gasoline, motor oil and other petroleum products; and that in January, 1975, defendant Texaco instituted an action for trademark infringement against plaintiff Allied in the United States District Court for the Southern District of New York, with Texaco alleging there that the use of the designation TEXGAS by plaintiff Allied is likely to cause confusion with defendant's trademark TEXACO and its various other trademarks commencing with the prefix TEX, alleging that plaintiff Allied has unfairly competed with defendant Texaco by using the designation TEXGAS, and requesting an injunction against plaintiff Allied's continued use of the designation TEXGAS.

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

4. The complaint or petition here also alleges that because of the charge by defendant Texaco of infringement of its TEXACO trademark (by the protest and institution of the federal court action in New York) plaintiffs' supposed rights to the designation TEXGAS in Texas have been placed in jeopardy and that there is an actual controversy between the parties as to whether or not the use of the designation TEXGAS within Texas constitutes an infringement of the trademark TEXACO and the other trademarks of defendant in connection with the sale of goods and services in Texas.

5. The pleadings and proceedings of the action in the United States District Court for the Southern District of New York are therefore incorporated by reference in the complaint or petition here, although not set forth verbatim therein, and copies of the complaint and answer in that action are attached hereto as Exhibits 4 and 5 to this petition. As appears from said complaint in the federal court in New York (Exhibit 4), the action there is based on jurisdiction arising solely out of the Trademark Laws of the United States and is based on the federally registered as well as common law rights to the trademark TEXACO and other federally registered marks containing the syllable TEX as a prefix. It also appears from the answer by Allied in the federal action (Exhibit 5 hereto)

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

that the defendant there (plaintiff Allied here) denies likelihood of confusion or imitation; denies trademark infringement under the United States Trademark Laws and at common law; denies unfair competition in violation of Texaco's rights at common law; and Allied alleges affirmatively there that (by paragraph 26 of the answer) use of the TEXGAS designation is not likely to cause confusion with Texaco's trademarks, that (paragraph 27) Texaco is precluded from recovery by laches, acquiescence and estoppel by reason of actual or constructive notice of Allied's alleged use of the designation TEXGAS many years prior to initiation of that action without objection, that (paragraph 28) Allied and its predecessors adopted the designation TEXGAS in good faith at least as early as 1954 and have acquired common law rights therein, that (paragraph 29) use of the designation TEXGAS was with the actual and/or constructive consent of Texaco and, finally, that (paragraph 30) all or part of the relief sought by the federal complaint was barred by applicable statute of limitations.

6. Defendant Allied in the federal action initially responded to the complaint there by a series of motions to dismiss or in the alternative to transfer the action to the United States District Court for the Southern District of Texas. Said motions

were denied by decision of that court (Judge Pierce) as appears from a copy of the court's decision and order dated September 17, 1975, which is also attached hereto as Exhibit 6. The petition for plaintiff Allied and its subsidiary corporations in this proceeding therefore seeks to litigate here the questions raised by the pleadings in the federal court in New York as to whether or not use of the designation TEXGAS is a colorable imitation of the trademark TEXACO or defendant Texaco's other TEX marks, as to whether plaintiff Allied should prevail in Texas, insofar as Texas is concerned, on the defenses raised by it in the federal action of laches, acquiescence and estoppel. It also seeks to relitigate the question, already decided by the federal court in New York, as to whether or not the issues should be litigated in New York or Texas.

7. The complaint or petition here seeks therefore, in fact, to adjudicate the rights of Texaco in and to its federally registered trademark TEXACO and other federally registered trademarks commencing with the syllable TEX and to declare the rights of the parties at issue in the federal action. Although the complaint or petition here is artfully drawn to make emphasis upon state law, to avoid direct reference to Texaco's federally registered rights (except by reference to the federal action), and to deprive Texaco

of the right to litigate in the federal courts its federally registered trademarks, the same claims as those raised in the federal court in New York are raised by the plaintiff's petition in this Texas proceeding. Consequently, the federal court here has jurisdiction of such claims to the same extent that the federal court in New York has jurisdiction of those claims in the action in New York.

8. This proceeding therefore arises under the trademark laws of the United States and this Court has jurisdiction under the trademark laws of the United States (15 U.S.C. §1121) and under the federal Judicial Code (28 U.S.C. §1338). Consequently, this proceeding is removable to the Federal Court under 28 U.S.C. §1441(1.) without regard to diversity or jurisdictional amount.

9. Aside from the foregoing and by reference to Plaintiffs' Original Petition alone, it appears that the Plaintiffs here other than Allied Chemical Corporation (Allied) are wholly owned subsidiaries of Allied; that the mark "TEXGAS" was allegedly first used by a predecessor of Allied, not by predecessors of the other Plaintiffs; that Allied, not the other Plaintiffs, changed the brand name of certain gasoline to the "TEXGAS" brand; and in other respects that Allied, not the other Plaintiffs exercised complete dominion and control over the mark "TEXGAS", which is the subject matter of

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

this suit and of the suit in New York. On the face of the Plaintiffs' pleadings, therefore, it appears that Allied, not the other Plaintiffs, is the real party in interest in whose name, pursuant to Rule 17(a) of the Federal Rules of Civil Procedure, the Plaintiffs' claims should be pursued. On the face of Plaintiffs' pleadings, therefore, the Plaintiffs other than Allied are, at best, Rule 19(a) parties.

10. Furthermore, on the face of Plaintiffs' pleadings, it appears that the suit by Texaco in New York against Allied, the real party in interest here, forms the necessary basis for a justiciable claim that Plaintiffs are entitled to a declaratory judgment. The claims in this action of the real party in interest, therefore, arise out of the same transaction or occurrence that is the subject matter of the New York action; and, thus, under Rule 13(a) of the Federal Rules of Civil Procedure, if maintainable, they fall in the category of a compulsory counterclaim of which the New York Federal Court has jurisdiction. Thus the federal preemption of the subject matter of Plaintiffs' claims, by virtue of which the supposed state law in support of such claims may not void the federal statute or limit Texaco's rights thereunder, is augmented as a basis for removal here by the federal procedural law which places jurisdiction of the compulsory counterclaim category in the federal courts. Substantively and procedurally, this is an action arising under the

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

laws of the United States over which the District Courts of the United States have original jurisdiction and it is removable under 28 U. S. C. §1441.

11. Petitioner files herewith its bond with good and sufficient surety conditioned, as provided by 28 U.S.C. §1441, that it will pay all costs and disbursements incurred by reason of the removal proceedings hereby brought should it be determined that this action is not removable or is improperly removed.

W H E R E F O P E, petitioner prays that the above action now pending against it in the District Court of Jefferson County, Texas, be removed therefrom to this Court.

Respectfully submitted,

TEXACO INC.
P. O. Box 52332
Houston, Texas 77052

By: John A. Sieger
John A. Sieger

ORGAIN, BELL & TUCKER
Beaumont Savings Building
Beaumont, Texas 77701

By: John G. Tucker
John G. Tucker

ATTORNEYS FOR DEFENDANT

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

CERTIFICATE OF SERVICE

This certifies that a copy of the above and foregoing was mailed to Mr. Wendell C. Radford, Benckenstein, McNicholas, Oxford, Radford & Johnson, P. O. Box 150, Beaumont, Texas 77704, on the 23 day of October, 1975.

John G. Tucker

VERIFICATION

STATE OF TEXAS

COUNTY OF JEFFERSON

JOHN A. SIEGER, being duly sworn, deposes and says that he is one of the Attorneys of Record for Texaco Inc., a corporation and Petitioner herein; that he has read the foregoing Petition for Removal and knows the contents thereof; and that based upon personal knowledge and information supplied to him, the same is true except as to the matters therein stated to be alleged upon information and belief, and as to those matters deponent believes them to be true.

JOHN A. SIEGER

(b) PETITION FOR REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

Sworn to before me this

23 day of October, 1975.

Carolyn Overstreet

Notary Public In And For
Jefferson County, Texas

My commission expires June 1, 1977.

(d) NOTICE OF REMOVAL BY TEXACO, INC. IN CIVIL ACTION B-75-360-CA, ANNEXED TO AFFIDAVIT OF WENDELL C. RADFORD.

FILED
U. S. DISTRICT COURT
EASTERN DISTRICT OF TEXAS
OCT 23 1975
MURRAY L. HARRIS, CLERK
BY DEPUTY BEATRICE H. BRYAN

NO. E102534

ALLIED CHEMICAL CORPORATION TEXGAS CORPORATION and TEXGAS SERVICE STATIONS, INC.	)	IN THE DISTRICT COURT OF
Plaintiffs	)	JEFFERSON COUNTY, TEXAS
V.		
TEXACO INC.	)	172ND JUDICIAL DISTRICT
Defendant	)	

(d) NOTICE OF REMOVAL BY TEXACO, INC. IN CIVIL ACTION B-75-360-CA, ANNEXED TO AFFIDAVIT OF WENDELL C. RADFORD

NOTICE OF REMOVAL

PLEASE TAKE NOTICE that pursuant to 28 U.S.C. §1446, Texaco Inc., defendant in this action, has filed on October 23 1975 at 4:35 pm o'clock in the United States District Court for the Eastern District of Texas, Beaumont Division, a verified petition to remove this action to said federal court, accompanied by a bond with good and sufficient surety as required by 28 U.S.C. §1446(d). A copy of said petition, including exhibits, is attached hereto.

Dated:

TEXACO INC.

BY: J. Allen Tucker

CERTIFICATE OF SERVICE

This certifies that a copy of the above and foregoing was mailed to Mr. Wendell C. Radford, Benckenstein, McNicholas, Oxford, Radford & Johnson, P. O. Box 150, Beaumont, Texas 77704, on the 23 day of October, 1975.

J. Allen Tucker

(e) PLAINTIFF'S MOTION TO REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD.

IN THE UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF TEXAS

BEAUMONT DIVISION

ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION, and TEXGAS SERVICE STATIONS, INC., Plaintiffs,	)	
V.	)	CIVIL ACTION NO. B-75-360-CA
TEXACO INC., Defendant.	)	

PLAINTIFFS' MOTION TO REMAND

Plaintiffs, ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION, and TEXGAS SERVICE STATIONS, INC., move this Court for an order remanding this cause to the District Court of Jefferson County, Texas, 172nd Judicial District, on the ground that the case was improperly removed and is not within the jurisdiction of this Court in that the complaint herein (Plaintiffs' Original Petition) does not present a claim or right arising under the Constitution, treaties or laws of the United States and is not a controversy wholly between citizens of different

(e) PLAINTIFF'S MOTION TO REMOVAL IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

states, and further requiring the payment by defendant TEXACO INC. to plaintiffs of all costs and disbursements incurred by reason of the removal proceedings.

Respectfully submitted,

Wendell C. Radford
BENCKENSTEIN, McNICHOLAS,
OXFORD, RADFORD & JOHNSON
605 San Jacinto Building
Beaumont, Texas 77704

John F. Lynch
ARNOLD, WHITE & DURKEE
2.00 Transco Tower
Houston, Texas 77027

Attorneys for Plaintiffs

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD.

IN THE UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF TEXAS

BEAUMONT DIVISION

ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION, AND TEXGAS SERVICE STATIONS, INC.,	)	
Plaintiffs,	)	
V.	)	CIVIL ACTION NO. B 75-360-CA
TEXACO INC.,	)	
Defendant.	)	

BRIEF IN SUPPORT OF
PLAINTIFFS' MOTION TO REMAND

Introduction

On October 23, 1975, defendant in the above action filed its petition for removal and improperly removed the present cause to this Court. Plaintiffs have filed a motion to remand to the District Court of Jefferson County, Texas, 172nd Judicial District, and this Brief is in support of that motion.

Nature of the Case

Plaintiffs in this action are Allied Chemical Corporation (a New York corporation having its principal place of business at Morristown, New Jersey, hereinafter "Allied"),

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

Texgas Corporation, and Texgas Service Stations, Inc., (Delaware corporations having their principal places of business at Houston, Texas, hereinafter "Texgas Corp." and "TSSI", respectively).

Plaintiffs and their predecessors have continuously used the mark and designation TEXGAS in connection with the marketing, distribution, and sale of petroleum products in Texas since at least as early as 1954, when Texas Natural Gasoline Corporation, a predecessor of plaintiff Allied, began marketing liquified petroleum gas under the TEXGAS mark. Since at least as early as 1963, plaintiffs Allied and TSSI have continuously sold motor gasoline within Texas under the TEXGAS brand. Plaintiff TSSI also has sold motor oil in Texas under the TEXGAS brand.

In January 1975, defendant Texaco Inc. (a Delaware corportion having its principal place of business in New York, New York, hereinafter "Texaco") brought an action in the United States District Court for the Southern District of New York against defendant Allied, alleging that Allied's use of the mark and designation TEXGAS for gasoline, motor oil, and liquefied petroleum gas constitutes infringement of one or more of Texaco's federally registered trademarks, common law trademark infringement of Texaco's rights in its marks

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

and the alleged distinctive prefix "TEX", unfair competition, and a violation of Section 386-d of the General Business Law of the State of New York. Texaco has obtained and currently maintains at least two Texas state trademark registrations incorporationg the designation TEXACO, registrations No. 1031 and No. 29,850, for various petroleum products.

On October 2, 1975, plaintiffs brought this action by their original petition in the District Court of Jefferson County, Texas, 172nd Judicial District, praying for a declaration that their long and continuous use of the mark and designation TEXGAS within the State of Texas in connection with the marketing, distribution and sale of petroleum products has been lawful and proper, that such use does not infringe defendant's Texas state trademark registrations or common law rights, and that defendant is estopped and barred by laches and limitations from asserting that such use is an infringement of defendant's Texas state trademark registrations and alleged common law rights. Plaintiffs' claim is based on Texas common law, Texas statutory trademark law (Tex. Bus. and Comm. Code § 16.01 et seq.), and the Texas Uniform Declaratory Judgments Act (Tex. Rev. Civ. Stat. art. 2524-1).

On October 23, 1975, defendant filed its petition to remove this action from the state district court to this Court. Defendant's petition for removal relies solely on the contention

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

that this proceeding arises under the trademark laws of the United States (15 U.S.C. § 1121 and 28 U.S.C. § 1338). Diversity of citizenship of the parties does not exist.

Plaintiffs Seek a Declaration of Their Right to Use TEXGAS in Texas

In 1954, a corporation named Texas Natural Gasoline Corporation ("Texas Natural"), based in Tulsa, Oklahoma, began marketing liquefied petroleum gas (LP gas) under the TEXGAS brand. In 1955, a sales office was opened by Texas Natural in Houston, and tank trucks marked with the TEXGAS brand delivered products over a wide area of Texas. By 1959, Texas Natural was producing LP gas at 11 plants (owned or partially owned), nine of which were in Texas. Storage facilities for LP gas were maintained near Houston, Texas, as well as other locations in Texas, Louisiana, and Montana. By 1959, Texas Natural maintained a fleet of over one thousand owned and/or leased railroad tank cars, many of which were marked with the TEXGAS brand.

On March 3, 1960, Texas Natural Gasoline Corporation was merged into Union Oil and Gas Corporation to form Union Texas Natural Gas Corporation based in Houston, Texas, which continued to market TEXGAS brand LP gas. In 1962, Union Texas Natural Gas Corporation was acquired by Allied, and the marketing of LP gas under the TEXGAS mark continued. Then in 1962, Allied acquired

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

a gasoline refinery located at Winnie, Texas, from Texas Gas Corporation. Prior to 1962, in the late 1950's, Texas Gas Corporation had marketed motor gasoline in Texas under a name featuring "Texas Gas Corporation." When Allied acquired this gasoline producing facility, it continued the sale of gasoline through many of the "Texas Gas Corporation" branded outlets in Texas, changing the brand to TEXGAS in 1963.

The origin and initial development of the TEXGAS mark took place in and around Texas. It therefore is entirely appropriate that plaintiffs seek a declaration, in the Texas state courts, of their right to use the mark and designation TEXGAS in Texas. The Texas courts are best equipped to determine the effect, if any, of Texaco's Texas state trademark registrations of TEXACO, and to apply the Texas common law upon which plaintiffs' rights are founded.

This Action Is Not Properly Removable

Removability of a cause from state to federal court is governed by Section 1441 of Title 28, United States Code, the pertinent provisions of which are:

> "(a) Except as otherwise expressly provided by Act of Congress, any civil action brought in a State court of which the district courts of the United States have original jurisdiction, may be removed by the defendant or the defendants to the district court of the United States for the district and division embracing the place where such action is pending.

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

> "(b) Any civil action of which the district courts have original jurisdiction founded on a claim or right arising under the Constitution, treaties or laws of the United States shall be removable without regard to the citizenship or residence of the parties."

The test of removability was succinctly stated by the Supreme Court more than 80 years ago in Chappell v. Waterworth, 155 U.S. 102, 15 S.Ct. 34 (1894):

> "The question of removal is governed by the decision of this court at the last term in Tennessee v. Bank of Commerce, 152 U.S. 454, 14 Sup. Ct. 654, by which, upon full consideration, it was adjudged that . . . a case (not depending on the citizenship of the parties, nor otherwise specially provided for) cannot be removed from a state court into the circuit court of the United States, as one arising under the constitution, laws or treaties of the United States, unless that appears by the plaintiff's statement of his own claim; and that, if it does not so appear, the want cannot be supplied by any statement in the petition for removal or in the subsequent pleadings." 15 S.Ct. at 36.

This test has been the law since 1894. Great Northern Railway Co. v. Galbreath Cattle Co., 271 U.S. 99, 46 S.Ct. 439 (1926); Gully v. First National Bank in Meridian, 299 U.S. 109, 57 S.Ct. (1936); Pan American Petroleum Corp. v. Superior Court of Delaware, 366 U.S. 656, 81 S.Ct. 1303 (1961); Romick v. Bekins Van & Storage Co., 197 F.2d 369 (5th Cir. 1952).

The standard for determining whether original federal jurisdiction exists is set out in Gully v. First National Bank in Meridian, 299 U.S. 109, 57 S.Ct. 96 (1926), wherein the Court stated:

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA. ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

> "To bring a case within the statute, a right or immunity created by the Constitution or laws of the United States must be an element, and an essential one, of the plaintiff's cause of action [citations omitted]. The right or immunity must be such that it will be supported if the Constitution or laws of the United States are given one construction or effect, and defeated if they receive another [citations omitted]. A genuine and present controversy, not merely a possible or conjectural one, must exist with reference thereto [citations omitted], and the controversy must be disclosed upon the face of the complaint, unaided by the answer or by the petition for removal [citations omitted]." 299 U.S. at 112-113, 57 S.Ct. at 97-98.

From the foregoing authority it is clear that, absent diversity, a case cannot properly be removed from state to federal court unless the plaintiff's complaint on its face relies upon a right or immunity created by the Constitution or laws of the United States and that right or immunity is an essential element of the case.

It is readily apparent from an examination of plaintiffs' state court complaint (Plaintiffs' Original Petition) that it sets forth no federal claim, and that no federally created right or immunity is an element - much less less an essential element - of this action. Plaintiffs rely solely on Texas common and statute law in seeking a declaration of their rights in the state court action. This Court, therefore, does not have original jurisdiction of the present action, and it must be remanded to the state court for any further proceedings.

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

Defendant Cannot By Its Pleadings or Assertions Confer Removal Jurisdiction On This Court

Defendant Texaco has asserted that the existence of federal trademark registrations for the mark or designation TEXACO and other TEX-prefix words somehow converts plaintiffs' state claim into one arising under federal law.

Defendant also has asserted that the present action arises under the trademark laws of the United States because the pleadings and proceedings in its action against plaintiff Allied in the United States District Court for the Southern District of New York are "incorporated by reference in the complaint or petition here, although not set forth verbatim therein" so that the complaint or petition here seeks to adjudicate Texaco's rights in and to its federally registered trademarks commencing with the syllable "TEX" and to declare the rights of the parties at issue in the federal action.

The law is clear that neither the existence of a federal trademark registration nor the pendency of a related federal court action will confer removal jurisdiction on this Court when the plaintiffs' claim is based on state law, and this is so even where the plaintiffs could have asserted a federal claim presenting the same issues.

In Gardner v. Clark Oil & Refining Corp., 383 F.Supp. 151 (E.D. Wis. 1974), the defendant attempted to remove plaintiff's state court action for infringement of state trademarks on the

theory that plaintiff's federal registration of its trademarks necessarily gave rise to a federal question over which the federal courts had original jurisdiction. In rejecting this theory, the court stated:

> "Essentially petitioner [is] contending that the federal law governing trademarks is at the heart of the controversy and preempts the state statutes governing trademarks. However the Lanham Act, 15 U.S.C. § 1051 et seq., does not preempt reliance on state trademark laws. M & D Simon Co. v. R. H. Macy & Co., 152 F.Supp. 212 (S.D.N.Y. 1957); Application of State of New York, 362 F.Supp. 922 (S.D.N.Y. 1973)." 383 F.Supp. at 152-153.

The Gardner court held that the defendant "must establish a federal question within the unaided allegations of the state complaint" to support removal jurisdiction, and that he had not done so. The action was remanded to the state court even though there was then pending in the very same federal court an action raising identical issues. The court reasoned:

> "In order to be removable, § 1441(b) requires that this court have 'original' jurisdiction over the action. While some type of derivative jurisdiction may be conferred upon this court by virtue of the prior pending litigation, such litigation will not confer 'original' jurisdiction on this court. 'Original' jurisdiction is clearly required for removal." 383 F.Supp. at 154.

Since the pendency of an action giving rise to the same issues in the same federal court does not confer removal jurisdiction on that court, the pendency of such an action in a different federal court certainly cannot confer removal jurisdiction on this Court.

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

Removal jurisdiction cannot be conferred on a district court by the parties. 28 U.S.C. § 1447(c); Fischer v. Holiday Inn of Rhinelander, Inc., 375 F.Supp. 1351 (W.D. Wis. 1973) (the court remanded an action similar to that in the present case on its own motion). The Fischer court also noted that defendants' attempt to confer removal jurisdiction on the court by pleading a defense based on the federal trademark laws was wholly ineffective, in that

> "an action based on state law is not removable because of a defense based on federal law. Allowing removal of the present action would enable defendants to circumvent the Mottley rule [Louisville & Nashville R. Co. v. Mottley, 211 U.S. 149, 29 S.Ct. 42 (1908)]. The plaintiffs are pursuing state law claims and the defendants are opposing these claims with, inter alia, their rights under federal trademark law. If removed, plaintiffs' claims would still be governed by state law. [Citation omitted] Thus removal would result in a federal court trying a state law action which is opposed by a federal defense. Such a result would serve only defendants' interest in having the initial determination of their federal defense by a federal court. That interest as a ground for removal was expressly rejected by Mottley."

It is clear that defendant Texaco simply cannot confer removal jurisdiction on this Court by raising issues relating to its federal trademark registrations or the litigation in which those registrations may be involved.

Defendant Texaco has argued that its status as a federal trademark owner may be ascertained by this Court independently of plaintiffs' state court pleading to thereby conclude that

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

the state court pleading raised a federal question. This argument was laid to rest last year by the Third Circuit Court of Appeals in La Chemise Lacoste v. Alligator Co., 506 F.2d 339 (3d Cir. 1974), cert. denied, ___ U.S. ___, 95 S.Ct. 1666 (1975).

After being threatened by Alligator, Lacoste brought a state court action for a declaration of its rights to use a crocodile emblem as a trademark. Alligator removed the action. The federal district court refused to remand, relying on the theory that the court in a declaratory judgment action could look to the cause of action which the declaratory judgment defendant threatened to assert in order to establish federal question jurisdiction. The district court alternatively held that it could look to Alligator's status as an owner of a federal trademark registration to confer federal question jurisdiction. After a 6-day trial on the merits of the action, the Third Circuit wholly rejected the trial court's analysis of the jurisdictional issue and reversed and remanded the case with instructions to the trial court to remand the case to the state court in which it originally had been filed.

Plaintiffs' Choice of State As
Opposed To Federal Law As The
Basis Of Their Claim Is Determinative

Plaintiffs seek in the present action only to determine their respective rights to use the name and mark TEXGAS in Texas, under Texas law.

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

> "Of course, the party who brings a suit is master to decide what law he will rely upon, and therefore, does determine whether he will bring a 'suit arising under' the patent or other law of the United States by his declaration or bill. That question cannot depend upon the answer, and accordingly jurisdiction cannot be conferred by the defense, even when anticipated and replied to in the bill." The Fair v. Kohler Die & Specialty Co., 228 U.S. 22, 33 S.Ct. 410, 411 (1913).

This rule has been followed in numerous cases involving trademarks similar to the present action. For example, the court in Gardner v. Clark Oil & Refining Co., 383 F.Supp. 151 (E.D. Wis. 1974), stated:

> "Plaintiff is master of his claim and his choice of state, as opposed to federal law as the basis of his claim is to be respected. It has been so held in numerous cases dealing with the precise issues involved in this case. [Citations omitted]" 383 F. Supp. at 153.

In Fischer v. Holiday Inn of Rhinelander, Inc., 375 F.Supp. 1351 (W.D. Wis. 1973), defendants petitioned to remove plaintiffs' state court action, asserting unfair trade practices and violation of state trademark statute. The court first assumed that the allegations of the plaintiffs' state court complaint would support a claim under the federal trademark laws, and then stated:

> "I must decide whether removability turns on those allegations or on plaintiffs' characterization of their cause of action. Several lower federal courts have decided this question in a context identical to that present here. Five district court opinions have held the plaintiff's characterization determinative. [Citations omitted].

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

> "I conclude that plaintiffs' characterization of their complaint as a state law action, in the absence of federal preemption, is determinative for the purpose of removal on the basis of original federal jurisdiction." (Emphasis added) 375 F.Supp. at 1353-1354.

Plaintiffs' characterization of the present state court action as one arising under state law alone is determinative, and this action cannot properly be removed to this Court. Accordingly, this action should be remanded to the Texas state district court from which it was removed.

Conclusion

The present action is founded solely on a determination of plaintiffs' right to use their TEXCAS mark and designation under the common and statute law of Texas. There is no claim of plaintiffs' pleadings that arises under federal law, and this Court does not have the original federal jurisdiction necessary for proper removal of the action from the state court.

The present action, involving as it does issues of Texas common law and questions arising under the Texas state trademark statutes, should be tried in the Texas state court where it was brought, and where plaintiffs have the right to have it heard and determined.

(f) PLAINTIFF'S BRIEF IN SUPPORT OF MOTION TO REMAND IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

The present action is not removable and it should be remanded to the District Court of Jefferson County, Texas, 172nd Judicial District.

Respectfully submitted,

Wendell C. Radford
BENCKENSTEIN, McNICHOLAS,
OXFORD, RADFORD & JOHNSON
605 San Jacinto Building
Beaumont, Texas 77704

John F. Lynch
ARNOLD, WHITE & DURKEE
2100 Transco Tower
Houston, Texas 77027

Attorneys for Plaintiffs

Of Counsel:

James V. Maher, Jr.
Allied Chemical Corporation
P. O. Box 1057R
Morristown, N.J. 07960

(g) DEFENDANT'S REQUEST FOR ENLARGEMENT OF TIME WITHOUT MOTION OR NOTICE IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION and TEXGAS SERVICE STATIONS, INC.,	)	
Plaintiffs,	)	CIVIL ACTION
V.	)	NO. B-75-360-CA
TEXACO INC.,	)	
Defendant.	)	

REQUEST FOR ENLARGEMENT OF TIME
WITHOUT MOTION OR NOTICE

NOW COMES DEFENDANT TEXACO INC., pursuant to Rule 6(b) of the Federal Rules of Civil Procedure and requests this Honorable Court to enlarge its time for responding to Plaintiffs' Motion to Remand to the State Court, such enlargement to extend to a day ten days subsequent to a certain ruling anticipated shortly from the United States District Court for the Southern District of New York. In support whereof, Defendant avers as follows:

(g) DEFENDANT'S REQUEST FOR ENLARGEMENT OF TIME WITHOUT MOTION OR NOTICE IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

(1) As reflected in the attached Affidavit of John A. Sieger, on October 23, 1975, Plaintiffs herein agreed in Open Court to take no actions in furtherance of this case pending a determination by the United States District Court for the Southern District of New York as to whether further prosecution of this action should be enjoined.

(2) Plaintiffs' Motion to Remand is an action in furtherance of this case.

(3) The interests of the United States District Court for the Southern District of New York and of the Defendant in the aforesaid agreement can be honored only if Defendant is not required to respond to the aforesaid Motion prior to the time it would have been required to respond had Plaintiffs honored said agreement.

(4) Under the Rules of this Court, Defendant would have been required to respond ten days after a proper date for the filing of the Motion to Remand and the earliest such proper date will be

(g) DEFENDANT'S REQUEST FOR ENLARGEMENT OF TIME WITHOUT MOTION OR NOTICE IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

the date the New York Court rules on Texaco's Motion there for a temporary injunction against prosecution of this action.

Respectfully submitted,

BY: John A. Sieger

JOHN A. SIEGER
P. O. Box 52332
Houston, Texas, 77052
Ph. 228-9811

-and-

John G. Tucker
ORGAIN, BELL & TUCKER
Beaumont Savings Building
Beaumont, Texas 77701

CERTIFICATE OF SERVICE

The foregoing Request for Enlargement of Time was served by mailing a copy thereof on November 3, 1975, to plaintiffs' attorneys Mr. Wendell C. Radford, Benckenstein, McNicholas, Oxford, Radford, & Johnson, 605 San Jacinto Building, Beaumont, Texas 77704, and Mr. John F. Lynch, Arnold, White & Durkee, 2100 Transco Tower, Houston, Texas 77027.

John G. Tucker
Attorney for Defendant

(j) AFFIDAVIT OF JOHN A. SIEGER IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

ALLIED CHEMICAL CORPORATION, TEXGAS CORPORATION and TEXGAS SERVICE STATIONS, INC.,

Plaintiffs,

V.

TEXACO INC.,

Defendant.

CIVIL ACTION

NO. B-75-360-CA

STATE OF TEXAS

COUNTY OF HARRIS

AFFIDAVIT

Now comes John A. Sieger, Affiant, who, having been duly sworn, deposes and says as follows:

(1) I am one of the Attorneys of record for Texaco Inc., Defendant herein.

(2) Immediately upon service of the Petition and Citation herein, I established contact with the law firm of Rogers, Hoge & Hills of New York City, New York, which is the firm principally responsible

(j) AFFIDAVIT OF JOHN A. SIEGER IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

for representing Texaco Inc. in the New York litigation to which Paragraph 19 of Plaintiffs' Original Petition herein has reference.

(3) Since such contact was established, both Rogers, Hoge & Hills and I have endeavored to coordinate our activities on behalf of our joint client in our respective lawsuits. Pursuant to such endeavors, we have kept each other fully informed of developments as they occurred.

(4) It is my information and belief as a result of such endeavor that, on October 23, 1975, the Honorable Lawrence W. Pierce, United States District Judge for the Southern District of New York, was presented with Texaco's request for an Order to Allied Chemical Company, one of the Plaintiffs herein, to show cause why it should not be enjoined from pursuing this action in Texas and, affirmatively, to cause its wholly owned subsidiaries, the other Plaintiffs herein, also to refrain from further prosecution of this action.

(5) Mr. James B. Swire of Rogers, Hoge & Hills reported to me by telephone the outcome of the hearing on said request of Texaco and that the proceedings leading up to that outcome were taken down by the Court's official reporter but had not been reduced to a transcript. I requested that, in the absence of a transcript, he forward to me a letter reflecting his personal knowledge of the matters

(j) AFFIDAVIT OF JOHN A. SIEGER IN CIVIL ACTION B-75-360-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

which transpired in court that day for my use in this court, if appropriate.

(6) The letter attached hereto, dated October 29, 1975 and reflecting my receipt thereof on October 31, 1975, is the letter forwarded by Mr. Swire in response to my aforementioned request. I believe the information therein to be true and hereby incorporate it by reference.

DATED: October 31, 1975

John A. Sieger

JOHN A. SIEGER,
Affiant

(j) AFFIDAVIT OF JOHN A. SIEGER IN CIVIL ACTION B-[illegible]-350-CA, ATTACHED TO AFFIDAVIT OF WENDELL C. RADFORD

This 31st day of October, 1975, John A. Sieger, personally known to me, appeared and, having been duly sworn, attested to the truth of the matters asserted in the foregoing Affidavit and subscribed same.

Pat Sullivan
NOTARY PUBLIC

PAT SULLIVAN
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1977

My Commission Expires

_____

EXHIBIT, ANNEXED TO FOREGOING AFFIDAVIT OF JOHN A. SIEGER.

GEORGE S. HILLS
LEONORE B. STOUGHTON
MERCER L. STOCKELL
WILLIAM F. WEIBEL
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October 29, 1975

RECEIVED
OCT 31 1975
JOHN A. SIEGER

John Sieger, Esq.
Texaco Inc.
P. O. Box #52332
Houston, Texas 77052

Re: Texaco Inc. - Allied Chemical

Dear Mr. Sieger:

I wanted to confirm in writing the substance of the understandings achieved between counsel and the Court in New York.

On October 23, we presented Judge Pierce with an order to show cause bringing on a motion for a preliminary injunction enjoining Allied and those in concert with it from proceeding with the action that had been brought in the Court in Beaumont. Included in that order to show cause was a temporary restraining order providing the same relief pending determination of the motion.

Allied appeared before Judge Pierce by James Maher, Esq., who is employed as an attorney by Allied, as well as Eric Woglom of Fish and Neave, counsel for Allied in New York. Mr. Maher represented to us and to the Court, on the record, that Allied and its subsidiaries would take no actions in furtherance of the Texas case pending determination of the motion for an injunction in New York. He further represented that Texaco's time to answer in the Texas action would be extended until November 6, it being understood that if answer should be necessary, a further extension could be obtained. Finally, he

EXHIBIT, ANNEXED TO FOREGOING AFFIDAVIT OF JOHN A. SIEGER

agreed that the depositions now noticed for November 6 would be adjourned, if necessary.

On these representations, we agreed to the withdrawal of the temporary restraining provisions in the order to show cause and Judge Pierce signed the order to show cause without such provisions. Allied's answering papers are due on October 31 and Judge Pierce has indicated that he hopes to rule no later than November 5.

I will keep you posted as to developments, of course.

Sincerely yours,

James B. Swire

JBS:as

NOTICE OF APPEAL BY DEFENDANT ALLIED CHEMICAL CORPORATION.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

TEXACO INC.,

Plaintiff,

v.

ALLIED CHEMICAL CORPORATION,

Defendant.

- x

CIVIL ACTION NO.
75 CIV. 327 (LWP)

NOTICE OF APPEAL

DEC 3 3 17 PM '75

NOTICE IS HEREBY GIVEN that Allied Chemical Corporation, defendant above named, hereby appeals to the United States Court of Appeals for the Second Circuit from the Order dated November 6, 1975 and filed in this action November 10, 1975, and the Order for Preliminary Injunction pursuant thereto dated November 12, 1975 and filed in this action on November 14, 1975.

Dated: December 5, 1975.

NIMS, HOWES, COLLISON & ISNER

By Bert A. Collison

Bert A. Collison
William K. Guild
60 East 42nd Street
New York, New York 10017
(212) 682-4590

NOTICE OF APPEAL BY DEFENDANT ALLIED CHEMICAL CORPORATION

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Attorneys for Defendant

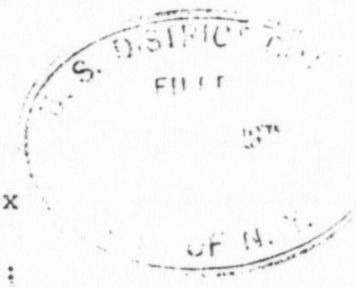
Of Counsel:
James V. Maher, Jr., Esq.
P. O. Box 1057R
Morristown, New Jersey 07960
(201) 455-5021

TRANSCRIPT OF RECORD OF PROCEEDINGS.

gtc

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK



----------x

TEXACO, INC.,

Plaintiff,

-against- ; 75 Civ. 327

ALLIED CHEMICAL CORPORATION,

Defendant.

----------x

October 23, 1975
2:30 p.m.

BEFORE:

HON. LAWRENCE W. PIERCE,

District Judge

ROGERS, HOGE & HILLS, ESQS.
Attorneys for plaintiff
BY: JAMES B. SWIRE, ESQ.,
MERCER L. STOCKELL, ESQ.,
of Counsel.

FISH & NEAVE, ESQS.
Attorneys for defendant
BY: ERIC C. WOGLOM, ESQ.
JAMES V. MAHER, ESQ.,
of Counsel.

gte

THE COURT: Would you state the understanding that we have agreed upon, then?

MR. MAHER: As I understand it --

THE COURT: Let me preface it by saying an application has been made for an order to show cause by plaintiff which contains a proposed temporary restraining order.

The Court is proposing to sign the order to show cause without the temporary restraining order, and counsel have entered into an agreement with respect to the subject of our concern, which is whether or not an action commenced by the defendant in the State of Texas is within or without the embrace of an earlier entry order by this Court.

Given the fact of an action having been commenced in the State of Texas and the fact that Monday would be apparently the last day for the answer to be submitted, counsel have agreed to extend the date that issued must be joined.

Why don't you state it from there.

MR. MAHER: Yes, sir.

As I understand it, I am stipulating on behalf of Allied Chemical Corporation that the answer which is now due on October 27 in the State Court case, will not be due until November 5th.

TRANSCRIPT OF RECORD OF PROCEEDINGS

By the way, I should state that I don't know what the Texas rules of procedure provide as to the stipulation, but I am undertaking to make that stipulation for Allied Chemical so that the Monday date is no longer binding as far as we are concerned and that, I believe, obviates the need for the TRO.

MR. SWIRE: Let me further state on behalf of Texaco, our understanding is that in the event it becomes necessary to file an answer in Texas and that further time is necessary that counsel will agree to a further extension at that time.

THE COURT: This contemplates that the Court may require some additional days to move on this, but it is hoped that we won't get to that situation.

MR. SWIRE: And additionally we have a representation from Allied that the dates as to depositions are flexible as well and that there will be no further actions forthcoming in the Texas proceeding pending determination herein.

MR. MAHER: Yes. The deposition notice states that the time and place is subject to agreement by counsel and I can also represent --

THE COURT: We will do this on submission.

We will put the return date in the order and

treat it like a motion and handle it on submission.

Further, it is my understanding that the Court is going to proceed on the application for preliminary injunctive relief.

Have you asked for that in your papers as well, for preliminary injunctive relief?

MR. SWIRE: That's correct.

THE COURT: In other words, you have asked for injunctive relief other than temporary, is that so?

MR. SWIRE: That's correct.

Your Honor might just wish to sign the order to show cause and delete the stay.

MR. MAHER: Sir, that order embodies the relief that we are arguing about.

THE COURT: You take a look at it after I have signed it and see if it is all right. I am not going to put a stay in here, you understand that?

MR. MAHER: There is a lot of language in there preventing us from doing this or that or what.

THE COURT: I am not signing the stay, I am bringing on a motion.

You are to respond by October 31 and then there is to be no further record, the submissions will be considered the record in the case, because we understand there

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is an issue of law, essentially, here.

MR. SWIRE: Fine.

Might we have, say, till Monday at 5 o'clock.

THE COURT: Yes, close of business Monday.

(Pause.)

THE COURT: Check it and see if you are satisfied, counsel.

(Handing.)

THE COURT: If that is satisfactory, share it with moving counsel.

Have you been able to leave us two duplicates?

MR. SWIRE: I can certainly give you that now.

(Adjourned.)

* * * * * * * * *

3 COPIES RECEIVED

Time 2:40 P.M.

Date 1/22/76

ROGERS HOGE & HILLS
Attorneys for Plaintiff - appellee

William J. Hickel

LEX PRINTING COMPANY, Inc., 451 Greenwich Street, N. Y. C. 966-4300